

Financial Regulations

For the Lake District National Park Authority

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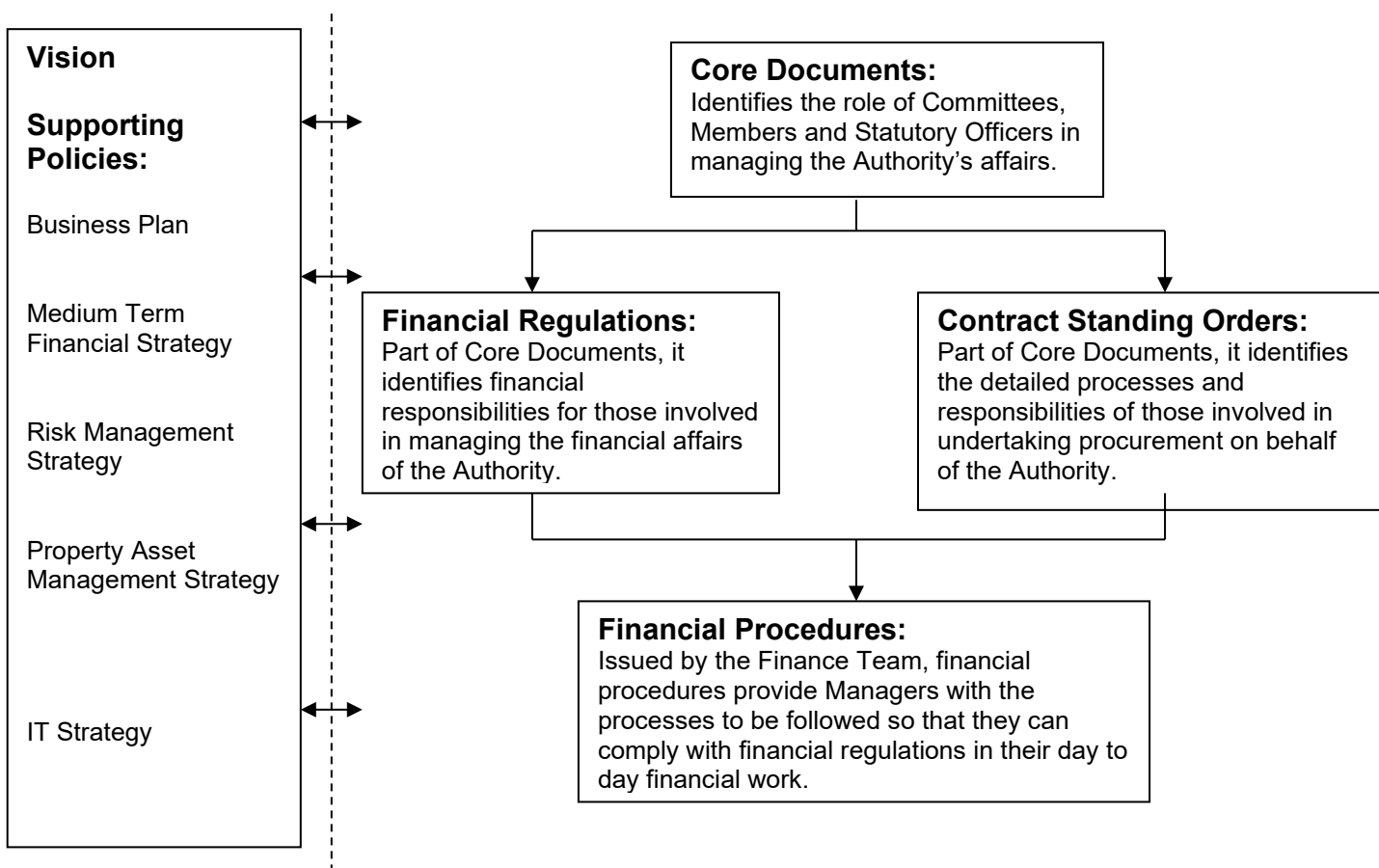
1. The Role of Financial Regulations

1 Introduction

- 1.1 This document sets out the financial regulations for the Lake District National Park Authority. It identifies the responsibilities of Members, Directors, Statutory Officers and Managers in looking after the financial affairs of the Authority. It seeks to ensure high standards of financial conduct and probity in dealing with public money.
- 1.2 The regulations have been based on CIPFA’s best practice guidance for local authorities, adapted to meet our local needs and circumstances.

2 The Role of Financial Regulations

- 2.1 The financial regulations provide the overall framework for managing the Authority’s financial affairs. They are part of the Authority’s Core Documents and are supported by a number of other documents including [PART B Contract Standing Orders](#), and more detailed financial procedures issued by the Finance Team. They are also supported by a number of important policy documents as shown in the diagram below.



3 Using the Financial Regulations

- 3.1 All Members and Officers involved in managing the financial affairs of the Authority must comply with these Regulations, and their delegated powers. Officers must also

comply with more detailed supporting financial procedures issued by the Finance Team. Directors and Managers must ensure that their Officers are aware of the existence and content of these Financial Regulations and ensure that there is easy access to the document.

- 3.2 Section 2 of these Regulations identifies the overarching responsibilities for the financial governance of the Authority. It details the strategic responsibilities of Members, Directors, Statutory Officers and Managers in managing our financial affairs.
- 3.3 Section 3 of these regulations identifies the detailed responsibilities of different groups in undertaking various transactions on behalf of the Authority. Each individual area identified in Section 3 is self-contained, identifying the reason the area is important, the key controls that Officers and Members should ensure are in place and the detailed responsibilities of each group or individual for ensuring proper financial probity and conduct in the transaction.

4 Updating the Financial Regulations

- 4.1 The S151 Officer is responsible for reviewing these Financial Regulations and for submitting any revisions to Authority or Resources Committee (as appropriate) for approval. The S151 Officer is also responsible for reporting, where appropriate, breaches of these Financial Regulations to the relevant committee.
 - 4.2 The S151 Officer is responsible for issuing advice and guidance to underpin these Financial Regulations to support Officers and Members in considering financial issues.
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2. Financial Regulations – Overarching Responsibilities

FINANCIAL PLANNING AND MANAGEMENT

1. Financial Management

1.1 Financial management covers all financial accountabilities in relation to the effective management and governance of the financial affairs of the Authority. Financial planning is an important aspect of our financial management and refers to the detailed policies and procedures required to prepare sound budgets and forecasts of the Authority's finances along with the preparation of an accurate and high quality statement of accounts.

2. Authority Members – Overarching responsibilities

2.1 The powers of full Authority and the delegations to relevant sub Committees are set out in the scheme of delegation, ANNEX D within the Authority Handbook.

3. The Statutory Officers

The National Park Officer and Head of Paid Service (The Chief Executive)

3.1 The National Park Officer and Head of Paid Service are both statutory roles that are combined within one post on the establishment – the Chief Executive. Details of the responsibilities and delegated powers to this post can be found in the Scheme of Delegation.

Monitoring Officer (The Director of Sustainable Development)

3.2 The Monitoring Officer is responsible for keeping the Authority's Core Documents and Scheme of Delegation under review. Details of the responsibilities and delegated powers to this post can be found in the Scheme of Delegation.

Section 151 Officer – (Head of Resources)

3.3 The S151 Officer¹ is the responsible finance officer and has statutory duties in relation to the financial administration and stewardship of the Authority. Details of the responsibilities and delegated powers to this post can be found in the Scheme of Delegation.

4 The Chief Executive and Authority Directors

4.1 The Chief Executive and Authority Directors are responsible for:

- Ensuring that the implications of any proposals are fully explained to Members and that the financial implications of such proposals have been agreed by the S151 Officer
- Ensuring contracts are signed on behalf of the Authority in compliance with the Authority's Contract Standing Orders.

4.2 On any matter liable to materially affect the Authority's finances, Directors must consult with the S151 Officer and seek their approval, before they enter into any commitments. This would include any matters liable to affect the Authority's financial forecasts over

the medium term and any matter in the current financial year falling outside management virement thresholds.

- 4.3 Directors are also Managers in the Authority. They have the same responsibilities as Managers identified in Section 3 of this document. They also have additional responsibilities for ensuring that Managers in their directorate adhere to these Regulations and for promoting a culture of good financial management amongst Officers in their directorate.
- 4.4 Reference to Authority Directors includes the Assistant Director of Sustainable Development.
- 4.5 Reference in this document to services linked to the trading reserve means those areas (previously part of Visitor Services) where significant income from visitor fees and charges may apply. These are car parking, Brockhole, Coniston Boating Centre and Information Centres, as varied from time to time with the approval of the S151 Officer. Any services not attached to the trading reserve are General Fund services.

5 Other Financial Accountabilities

Virements (Revenue and Capital Budget Movements)

- 5.1 The Resources Committee has power to agree procedures for virements between budget headings, and must approve all virements in excess of £50,000 for General Fund revenue budgets, any budget movement that would result in a net draw of £150,000 on the trading reserve and £100,000 for capital budgets.
- 5.2 Managers can make General Fund revenue and capital virements for all services up to £50,000 in consultation with the Finance Team. Managers can make Trading Reserve revenue virements that have a net draw on the Trading reserve up to £150,000. Capital virements between £50,000 and £100,000 can be made by managers provided there is consultation with, and agreement to do so by the Chair of Resources Committee. The S151 Officer must be notified of all intended virements over these thresholds and Resources Committee approval must be obtained before the virement can take place.

Treatment of year-end balances

- 5.3 Senior Leadership Team are responsible for agreeing the carry forward of underspends and overspends on budgets at the end of the financial year, taking account of the overall financial position of the Authority and the organisational priorities set by Members. Carried-forward underspends and overspends are reported to Members through the Statement of Accounts and the annual Financial Outturn report.

Accounting policies

- 5.4 The S151 Officer is responsible for selecting suitable accounting policies and ensuring that they are applied consistently. Governance Committee maintains oversight of accounting policies, approving those required for the successful completion of the Authority's Statement of Accounts.

Accounting records and returns

- 5.5 The S151 Officer is responsible for determining the accounting procedures and records for the Authority, and for ensuring that returns required by statute are made in a timely and complete manner.

The Annual Statement of Accounts

- 5.6 The S151 Officer is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with proper accounting practice. Governance Committee is
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responsible for approving the Statement of Accounts, having received assurance from the external auditors..

6. Budgeting

Budget format

- 6.1 The format of the budget (how the budget is presented to Members) will be determined by the S151 Officer giving due consideration to strategic priorities set out in the Authority's Business Plan and service delivery expectations. The budget format should show allocations to different services and projects, contingency funds, and reserves.

Budget preparation

- 6.2 The S151 Officer is responsible for preparing detailed annual revenue and capital budgets that reflect organisational priorities and for preparing medium term budgets on a rolling five-year basis for consideration and approval by Members.
- 6.3 The Medium Term Financial Strategy, set by Members with advice from the S151 Officer, provides guidance to budget managers on priorities for financial resources and budget growth.
- 6.4 Managers are responsible for preparing accurate financial estimates, reflecting the guidance of Members and agreed Service Plans.

Budget monitoring and control

- 6.5 The S151 Officer is responsible for ensuring the availability of appropriate financial information to enable budgets to be monitored effectively. They are responsible for reporting to Members on the overall financial position on a regular basis, but not less than quarterly.
- 6.6 It is the responsibility of Members to monitor the financial position of the Authority and to decide on any corrective action necessary to keep the Authority's finances on track.
- 6.7 It is the responsibility of Managers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the S151 Officer. They should report on variances from budget within their own areas and take appropriate action to avoid exceeding their budget allocation. They should alert the S151 Officer to any material financial risks.

Resource allocation

- 6.8 The S151 Officer is responsible for developing and maintaining a process for allocating resources that ensures due consideration of the Authority's policy framework and priorities, notably the Business Plan and the Authority's role in preparing and implementing the Partnership Plan.

Budget Guidelines

- 6.9 Guidelines on budget preparation are issued to Managers by the Finance Team following agreement with the S151 Officer. The guidelines will take account of:
- legal requirements
 - medium-term planning prospects
 - available resources
 - spending pressures
 - the Business Plan and Service Plans
 - best value and other relevant government guidelines
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- other internal policies, and
- cross-cutting issues (where relevant).

Maintenance of Reserves

6.10 The S151 Officer is responsible to advise Members on maintaining prudent levels of reserves for the annual budget and over the medium term.

2. Financial Regulations– Overarching Responsibilities

RISK MANAGEMENT AND CONTROL OF RESOURCES

1 Introduction

- 1.1 It is essential that robust, integrated systems are developed and maintained to ensure the effective use of resources and for identifying and evaluating all significant strategic and operational risks to the Authority. This should include the proactive participation of all those associated with planning and delivering services.

2 Risk management

- 2.1 Members are responsible for approving the Risk Management Strategy and for reviewing the effectiveness of risk management. Members are also responsible for maintaining an overview of the appropriateness of our insurance arrangements.
- 2.2 The Head of People and OD is responsible for preparing the Authority's Risk Management Strategy; the S151 Officer is responsible for advising the Authority on proper insurance cover where appropriate.
- 2.3 Individual managers are responsible for risk management in their areas, whilst the Senior Leadership Team retains overall responsibility for ensuring implementation of risk management in line with the Risk Management Strategy throughout the Authority.

3 Internal Control

- 3.1 Internal control refers to the systems of control designed and implemented by Managers to help ensure the Authority's objectives are achieved in a manner that promotes economic, efficient and effective use of resources and that the Authority's assets and interests are safeguarded.
- 3.2 The S151 Officer 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 effectively, and in accordance with statutory and other authorities that govern their use.
- 3.3 It is the responsibility of Directors and Heads of Service to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

4 Audit Requirements

- 4.1 The Accounts and Audit (England) Regulations 2015 require every local Authority to maintain an adequate and effective internal audit function.
 - 4.2 Public Sector Audit Appointments Ltd (PSAA) conduct a national collaborative procurement exercise for the appointment of external auditors to opted-in local authorities. The duties of the external auditor are governed by the Local Audit and Accountability Act 2014, and are overseen by the National Audit Office, Financial Reporting Council and PSAA Ltd. The Authority has opted in to these arrangements.
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4.3 The Authority may also be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

5 Preventing fraud and corruption

5.1 The S151 Officer is responsible for the development and maintenance of an [Anti-Fraud, Theft and Corruption Policy](#), for approval by the Governance Committee.

6 Assets

6.1 The Head of Resources is responsible for ensuring there is a Corporate Disaster Recovery procedure that has been tested in the Authority.

6.2 Managers should ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans are in place for the security of assets and continuity of service in the event of disaster or system failure.

7 Treasury management

7.1 The Authority has adopted CIPFA's *Treasury Management in the Public Services: Code of Practice*. The S151 Officer is responsible for proposing a Treasury Management Strategy to Members before the start of the year and for reporting to Members during the year and at the year end, on treasury management activities and the exercise of delegated treasury management powers. Members are responsible for approving the Treasury Management Policy and an annual Treasury Management Strategy.

7.2 All money in the hands of the Authority is controlled by the S151 Officer. All day to day decisions on Authority treasury investments, borrowings and financing are delegated to the S151 Officer who is required to act in accordance with CIPFA's *Treasury Management in the Public Services: Code of Practice* and CIPFA's *Standard of Professional Practice on Treasury Management*, and the Authority's Scheme of Delegation.

8 Employee Costs

8.1 Members are responsible for approving the budget for employee costs before the start of the financial year.

8.2 The Chief Executive is responsible for providing overall management to employees and for ensuring there is a sound job evaluation scheme for determining the remuneration of a post.

8.3 Managers are responsible for controlling total employee costs and numbers by:

- Advising the S151 Officer on the budget necessary in any given year to cover estimated employee costs
- Adjusting the establishment to a level that can be funded within the approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs
- The proper use of the Authority's appointment procedures.

2. Financial Regulations – Overarching Responsibilities

SYSTEMS AND PROCEDURES

1 Introduction

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

2 General

- 2.1 The S151 Officer is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records. Any changes to existing financial systems and procedures, or the setting up of new financial systems and procedures, must have the approval of the S151 Officer.
- 2.2 Directors and Heads of Service are responsible for the proper operation of financial processes in their Directorates. They should ensure that Officers receive relevant financial training that has been approved by the S151 Officer. Directors and Heads of Service must also ensure that, where appropriate, computer and other systems are registered in accordance with the Data Protection 2018 and the General Data Protection Regulations 2016, and that Officers are aware of their responsibilities under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.

3 Income and Expenditure

- 3.1 Directors and Managers must ensure there is a proper scheme of delegation related to the effective management of income and expenditure for their area. They must ensure that it is operating effectively and is consistent with the Authority's Core Documents. The scheme of delegation should identify Officers authorised to act on behalf of the Authority in respect of payment procedures and income collection and the limits of their authority.
- 3.2 Members have power to approve procedures for writing off debts over £15,000 as part of the overall framework of accountability and control.

4 Payments to Officers, Members and Volunteers

- 4.1 The S151 Officer is responsible for ensuring suitable arrangements are in place for the payment of remuneration, allowances and expenses to Officers, Members and Volunteers in accordance with the Authority's policies.

5 Taxation

- 5.1 The S151 Officer is responsible for securing appropriate advice on all taxation issues that affect the Authority, and for maintaining the Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date.

6 Business Units

- 6.1 The S151 Officer must advise on the establishment and operation of trading accounts and business units, where applicable.
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2. Financial Regulations – Overarching Responsibilities

EXTERNAL ARRANGEMENTS

1 Introduction

- 1.1 The Authority provides a distinctive leadership role for the community and brings together the contributions of various stakeholders. It must act within its powers, working with key stakeholders, to achieve the Vision for the National Park.

2 Partnerships

- 2.1 The Vision for the National Park adopted by the Authority is intended to facilitate partnership working. The focus for forming partnerships with other public, private, voluntary and community sector organisations must be our statutory purposes and duty, the Vision and the Authority's [Business Plan](#).
- 2.2 The Monitoring Officer will ensure that partnership working arrangements comply with all legal requirements affecting the Authority.
- 2.3 The Monitoring Officer and S151 Officer must advise on the overall corporate governance arrangements of partnerships, and ensure that risks have been fully appraised before any agreements with partners are entered into.
- 2.4 The Authority will not delegate any of its functions to partner organisations unless they are permitted by law.
- 2.5 The Authority Committee can delegate partnership related functions to Officers. Any powers exercised by Officers on behalf of the Authority in connection with partnership working must be set out in the Scheme of Delegation approved by the Authority Committee. Decisions taken by Officers in accordance with the delegation arrangements are binding on the Authority.
- 2.6 The S151 Officer is responsible for promoting and maintaining the same high standards of conduct and financial administration in partnerships that apply in the Authority. They must ensure that the accounting arrangements for partnerships, joint ventures and contracts are satisfactory, taking into consideration the risks proposed by the arrangement and the Authority's degree of influence. Officers and Members must be alerted to any material concerns in relation to partnership financial management.
- 2.7 The Monitoring Officer must ensure that all legal issues have been taken into consideration before arranging contracts with external bodies.
- 2.8 Directors and Heads of Service are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

3 External Funding

- 3.1 The S151 Officer is responsible for ensuring that all funding from external bodies is received and properly recorded in the accounts.
- 3.2 Managers must notify the S151 Officer of all external funding won and the terms of the award, to ensure proper treatment in the Authority accounts. Managers must also seek
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approval from Members, where the Authority is proposed to be the accountable body for funding over £500,000.

4 Work for third parties

- 4.1 Members are responsible for approving contractual arrangements for work for third parties or external bodies in excess of £200,000.

3. Financial Regulations – Detailed Responsibilities

FINANCIAL MANAGEMENT

1 Standards of Financial Management

1.1 *Why this is important*

All Officers and Members have a duty to abide by the highest standards of probity in dealing with financial issues. Everyone must be clear about the standards to which they are working and the controls that are in place to ensure that these standards are met. Standards of financial management are identified in the key controls throughout this document and in more detailed financial procedures supporting these Financial Regulations.

1.2 *Key controls*

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 regular comparisons of performance indicators and benchmark standards that are reported to the Senior Leadership Team and Members as appropriate.

1.3 *Responsibilities of Members*

- To set financial management standards not delegated to Officers such as the Scheme of Delegation, Financial Regulations and Contract Standing Orders.
- To consider reports on performance against financial standards as appropriate.

1.4 *Responsibilities of the S151 Officer*

- To ensure the proper administration of the financial affairs of the Authority.
- To set detailed financial management standards that are consistent with Core Documents and to monitor compliance.
- To ensure proper professional practices are adhered to and to act as head of profession
- To set standards, monitor performance and develop Officers with financial responsibilities throughout the Authority.
- To advise on the key strategic controls necessary to secure sound financial management.

1.6 *Responsibilities of Managers*

- To ensure they and their teams adhere to the Authority's financial management standards as determined by Core Documents and more detailed standards set by the S151 Officer.
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2 Scheme of Virement

2.1 Why this is important

The scheme of virement enables the Authority, Directors and Officers 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.

2.2 General

Virements are the movement of revenue or capital resources between approved budget headings. For the purposes of this scheme, a budget heading is considered to be a line in the budget report approved by Authority. This is also taken to include movements in and out of reserves, including capital receipts (but excluding the General Fund).

Where an approved budget is a lump-sum budget or contingency intended for allocation during the year, its allocation will not be treated as a virement, provided that:

- (a) the amount is used in accordance with the purposes for which it has been established
- (b) Members have approved the basis and the terms, including financial limits where appropriate, on which it will be allocated. Individual allocations in excess of the financial limits should be reported to Members for consideration.

Where budgets are accounting entries, required by the Code of Practice on Local Government Accounting in the United Kingdom or the SeRCOP (such as depreciation charges, notional interest charges, internal recharges and International Accounting Standard 19 entries) that have a nil impact on the overall revenue balance of the Authority, changes to allocations will not be treated as virements.

Where a virement relates to a permanent budget change to recurring budgets, the budget manager should indicate any impact on subsequent financial years so that the base budgets within the Medium Term Financial Strategy can be updated. The in-year value will be used to determine the level of authority required.

2.3 Key controls

Key controls for the scheme of virement are:

- (a) Members approve the scheme of virement and financial limits
- (b) The S151 Officer administers the scheme within approved guidelines
- (c) Variations from the scheme require the approval of Members
- (d) Virements greater than £50,000 for General Fund revenue budgets, greater than £150,000 net draw on the trading reserve (unlimited contribution into the trading reserve) and £100,000 for all capital budgets require the approval of Members.
- (e) Virements of capital budgets between £50,000 and £100,000 require prior consultation with and agreement of the Chair of Resources Committee
- (f) All virements between revenue and capital require Member approval (except where these are to comply with accounting regulations).
- (g) Virements do not create an additional overall budget liability
- (h) Managers are expected to manage their budgets responsibly and prudently.

2.4 Responsibilities of Members

- To set the scheme of virement for the Authority, including the financial limits
 - To review the scheme of virement and the financial limits, to ensure their ongoing relevance and appropriateness for the Authority
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- To consider requests for virements in excess of £50,000 for General Fund revenue budgets, £150,000 net draw on the trading reserve (unlimited contribution into the trading reserve) and £100,000 for capital budgets
- To consider requests for virements, regardless of financial value, between revenue and capital budgets of the Authority

2.5 **Responsibility of the S151 Officer**

- To report to Members requests for virements which exceed the Officer delegation.
- To consult with the Chair of Resources for proposed capital virements between £50,000 and £100,000 prior to the virement being made.
- To ensure the scheme is properly administered. To put in place a system of monitoring and control, reporting where Member approval is required.

2.7 **Responsibilities of Managers**

- A Manager may exercise virement on budgets under their control for amounts up to £50,000 for General Fund revenue, £150,000 net draw on the trading reserve (unlimited contribution into the trading reserve) and £50,000 for capital budgets on any one budget head (line in the budget report) during the year, following notification to the S151 Officer and subject to the conditions identified throughout this section.
- A Manager may exercise virement on capital budgets under their control for amounts between £50,000 and £100,000 on any one budget head (line in the budget report) during the year, only with prior consultation and agreement of the Chair of Resources Committee. As above, this must be notified to the S151 Officer and subject to the conditions identified throughout this section.
- Amounts greater than £50,000 for revenue budgets and £100,000 for capital budgets require notification to the S151 Officer and the approval of Members.
- Managers must obtain the prior approval of Members for virements between revenue and capital.
- A virement that is likely to impact on the level of service activity of another manager should be implemented only after agreement with the relevant manager,
- To ensure that virements are applied for their originally intended purpose

3 **Scheme of Treatment of Year-end Balances**

3.1 **Why this is important**

These rules cover arrangements for the transfer of resources between accounting years, i.e. a carry-forward. For the purposes of this scheme, a budget heading is a line in the budget report.

3.2 **Key controls**

Key controls for the scheme of carry forward are:

- (a) Appropriate accounting procedures are in place to ensure that carried-forward totals are correct.
 - (b) All decisions on carry-forwards are made by Senior Leadership Team and reported to Members as part of the annual Outturn Report.
 - (c) The Senior Leadership Team considers the Authority's overall financial position when making decisions on the prudent use of carry forwards. As a point of principle
 - overspends on controllable budgets will be carried forward to be the first call on the revenue budget of the subsequent financial year - unless exceptional circumstances mean the Senior Leadership Team agrees otherwise.
 - underspends on controllable budgets may be carried forward by Managers to meet the priorities presented in the Business Plan, provided the Authority's overall resources will allow this to occur safely.
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(d) The scheme is administered by the S151 Officer within approved guidelines

3.3 **Responsibilities of Members**

- To set the overarching scheme of carry forward balances for the Authority through Financial Regulations
- To review decisions on carry forwards taken by the Senior Leadership Team.

3.4 **Responsibilities of the S151 Officer**

- To report all significant overspends and underspends on service budgets to Senior Leadership Team and Members.
- To advise on the overall financial position of the Authority to be considered by Senior Leadership Team alongside the detailed requests for carry forwards
- To administer the scheme through liaison with Managers and the Senior Leadership Team.
- To agree controllable and non-controllable budgets with Managers

3.6 **Responsibilities of Managers**

- To deliver the services identified within Service Plans within the budget set by Authority
- To report fully on the reasons for any overspends or underspends at the end of the financial year
- To set out fully the nature of any requests for the carry forward of underspends and the proposed use in relation to the Authority's priorities in subsequent years
- To manage revenue budgets where an overspend has been carried forward as the first call on the budget for the following financial year
- To report to Senior Leadership Team on any exceptional circumstances that, in the manager's view, would negate the need to carry forward an overspend to be the first call on revenue spending in the subsequent financial year.
- To ensure that any business unit trading surpluses are retained for the Authority's benefit.

4 **Accounting policies**

4.1 **Why this is important**

The S151 Officer has overall responsibility for the preparation of the Authority's Statement of Accounts, in accordance with proper practices as set out in the format required by the Code of Practice on Local Authority Accounting for each financial year ending 31 March. These must be prepared using appropriate accounting policies.

4.2 **Key controls**

The key controls for accounting policies are:

- (a) systems of internal control ensure that financial transactions are lawful
 - (b) suitable accounting policies are selected and applied consistently in line with the Code of Practice on Local Authority Accounting and are audited as part of the annual Statement of Accounts
 - (c) proper accounting records are maintained
 - (d) annual financial statements give a true and fair view of the Authority's financial position
 - (e) Members approve accounting policies used for the Statement of Accounts
 - (f) Members must approve any changes to accounting policy that would have a financial (cash) impact on the Authority's revenue position.
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4.3 **Responsibilities of Members**

- To consider requests from the S151 Officer to change accounting policies
- To approve the accounting policies used to prepare the Statement of Accounts

4.4 **Responsibilities of the S151 Officer**

- To select suitable accounting policies and ensure they are applied consistently.
- To seek Member approval for the accounting policies used for the Statement of Accounts
- To disclose the Authority's accounting policies in the annual Statement of Accounts, to comply with the Code of Practice on Local Authority Accounting.
- To ensure the Authority complies with accounting policies required by the Code of Practice on Local Authority Accounting
- To apply accounting policies consistently in the Authority's accounts.

4.6 **Responsibilities of Managers**

- To ensure they adhere to the approved accounting policies and guidelines seeking guidance where required.

5 **Accounting Records and Returns**

5.1 **Why this is important**

Maintaining proper accounting records is one of the ways the Authority discharges its responsibility for stewardship of public money. The Authority has a statutory responsibility to prepare annual accounts that present a true and fair view of its operations during the year. This requires proper records and is subject to external audit. The audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that sound arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

5.2 **Key controls**

The key controls for accounting records and returns are:

- (a) all Members, Officers and Managers operate within the required accounting standards and timetables
- (b) all the Authority's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis
- (c) procedures are in place to enable accounting records to be reconstituted in the event of systems failure
- (d) reconciliation procedures are carried out to ensure transactions are correctly recorded
- (e) prime documents are retained in accordance with legislative and other requirements as set out in the Data Retention and Information Management Policy as varied from time to time

5.3 **Responsibilities of the S151 Officer**

- To ensure proper accounting procedures and records are in place throughout the Authority.
 - To arrange for the proper compilation of all accounts, accounting records and financial returns.
 - To comply with the following principles when allocating accounting duties:
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- (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
- (b) Officers with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions.
- To make proper arrangements for the audit of the Authority's accounts in accordance with the Accounts and Audit (England) Regulations 2015, as varied from time to time.
- To ensure the proper retention of financial documents in accordance with the requirements set out in the [Data Retention and Information Management Policy](#), as varied from time to time.
- To advise Managers on the keeping of proper financial records for their area, and effective separation of duties to secure the integrity of the Authority's financial information.
- To ensure arrangements are in place for the accurate completion of all financial returns and grant claims by their due date.

5.5 **Responsibilities of Managers**

- To consult and obtain the approval of the S151 Officer before making any changes to accounting records and procedures.
- To comply with the principles outlined in section 5.3 when allocating accounting duties.
- To maintain adequate records to provide a management audit trail leading from the source of income/expenditure through to the accounting statements and any required financial returns.

6 **The Annual Statement of Accounts**

6.1 **Why this is important**

The Authority has a statutory responsibility to prepare accounts that give a true and fair view of its operations during the year. Members must approve the annual Statement of Accounts.

6.2 **Key controls**

The key controls for the annual Statement of Accounts are:

- (a) the Authority has made arrangements for the proper administration of its financial affairs and charged the S151 Officer with the responsibility for the administration of these affairs.
- (b) the Authority's Statement of Accounts is prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom, and is subject to external audit.

6.3 **Responsibilities of Members**

- To approve accounting policies for the Statement of Accounts, taking advice from the S151 Officer
 - To approve the Statement of Accounts for publication in line with statutory deadlines
 - To receive the annual Audit Findings Report from the external auditors identifying any material mis-statements included in the Statement of Accounts
 - To consider judgements and estimates used in the Statement of Accounts, ensuring they are reasonable and prudent, taking advice from the S151 Officer
 - To make financial decisions not delegated to Officers that are necessary for the timely and accurate completion of the accounts.
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6.4 Responsibilities of the S151 Officer

- To select suitable accounting policies and to ensure they are applied consistently.
- To ensure that the Statement of Accounts complies with the Code of Practice on Local Authority Accounting, making judgements and estimates that are reasonable and prudent.
- To sign and date the Statement of Accounts, stating that it gives a true and fair view of the financial position of the Authority.
- To liaise with external audit for the audit of the accounts and to consider their views on presenting a true and fair view of the Authority's financial position.
- To prepare the Authority's Statement of Accounts and supporting working papers in compliance with the statutory timetable and the Code of Practice on Local Authority Accounting.
- To prepare the Statement of Accounts timetable, ensuring managers are advised of their responsibilities for timescales and high quality supporting working papers

6.6 Responsibilities of Managers

- To comply with accounting guidance provided by the S151 Officer.
 - To supply the S151 Officer with relevant information when required, and in the appropriate format.
 - To maintain appropriate financial and accounting records to the satisfaction of external audit.
 - To complete working papers to a good standard as recommended by the S151 Officer
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3. Financial Regulations – Detailed Responsibilities

FINANCIAL PLANNING

7 Performance Plans

7.1 *Why this is important*

The Authority has a responsibility to publish various performance plans. The purpose of performance plans is to explain overall priorities and objectives, current performance, and proposals for further improvement. External audit may report on whether the Authority has complied with requirements in respect of the preparation and publication of performance plans.

7.2 *Key controls*

The key controls for performance plans are:

- (a) to ensure that all required plans are produced and that they are consistent
- (b) to produce plans in accordance with statutory requirements, government requirements and appropriately applied professional standards
- (c) to meet the timetables set
- (d) to ensure that all performance information is accurate, complete and up to date
- (e) to provide improvement targets which are meaningful, realistic and challenging.

7.3 *Responsibilities of Members*

- To approve appropriate performance plans within regulatory deadlines
- To monitor performance against targets set out in performance plans through the Authority's performance management framework

7.4 *Responsibilities of the S151 Officer*

- To advise on financial information to be included in performance plans, in accordance with professional and regulatory requirements and agreed timetables.
- To provide strategic advice on the development of financial targets, objectives and performance information for the Authority.
- To ensure financial systems and documentation are in place to enable the Authority to meet preparation and reporting requirements for performance plans
- To contribute to the development of targets, objectives and performance information for the Authority.

7.6 *Responsibilities of Managers*

- To ensure that systems are in place to collect accurate performance information
- To ensure that performance information is monitored sufficiently frequently to allow corrective action to be taken if targets are not likely to be met.
- To contribute to the development of performance plans in line with professional and regulatory requirements.
- To contribute to the development of corporate and service targets and objectives and performance information.

8 Format of the Budget

8.1 *Why this is important*

The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate, the operation of cash limits and sets the level at which funds may be reallocated within budgets.

8.2 **Key controls**

The key controls for the budget format are:

- (a) the format complies with all legal and professional requirements
- (b) the format complies with CIPFA's *Service Reporting Code of Practice*, and Defra's reporting requirements as varied from time to time.
- (c) the format reflects the accountabilities of service delivery.
- (d) the format meets the needs of Managers and Members.

8.3 **Responsibilities of Members**

- To consider the format of the budget for the Authority as necessary, taking advice from the S151 Officer

8.4 **Responsibilities of the S151 Officer**

- To set the format of the budget ensuring that the key controls in 8.2 are met.

9 **Revenue Budget Preparation, Monitoring and Control**

9.1 **Why this is important**

Budget management ensures that once the budget has been approved by the Authority, resources 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 to call to account Managers responsible for defined elements of the budget. The Authority operates within an annual cash limit, approved when setting the overall budget. To ensure that the Authority in total does not overspend, each budget holder is required to manage their expenditure within the cash-limited budget allocated.

9.2 **General**

For the purposes of budgetary control by Managers, a budget will normally be the planned income and planned expenditure for a cost centre, but can be at a more detailed level. Income budgets and expenditure budgets must be managed and controlled separately. Budget responsibility should be aligned as closely as possible to the decision-making processes that commit expenditure

9.3 **Key controls**

The key controls for managing and controlling the revenue budget are:

- (a) budget management is exercised within annual cash limits.
 - (b) managers have access to real time detailed financial information on each budget
 - (c) each cost centre has a nominated budget manager
 - (d) budget managers accept accountability for their budgets, the level of service to be delivered and understand their financial responsibilities
 - (e) income and expenditure are properly recorded and accounted for
 - (f) performance is monitored in conjunction with the budget and necessary action is taken to align service outputs and budget.
 - (g) expenditure is committed only against an approved budget head
 - (h) regular forecast outturns are prepared by Managers to allow Senior Leadership Team and Resources Committee to amend budget targets during the year as required.
 - (i) all Officers responsible for committing expenditure comply with relevant guidance, and these Financial Regulations
 - (j) significant variances from approved budgets are investigated and reported by budget managers regularly.
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9.4 **Responsibilities of Members**

- To set the scheme of delegation for the management of the Authority's finances
- To set the Authority's annual budget and Medium Term Financial Strategy before the start of the financial year
- To receive financial monitoring reports from the S151 Officer and to respond to changing financial circumstances and key financial risks.

9.5 **Responsibilities of the S151 Officer**

- To establish an effective framework of budgetary management and control.
- To report to Members, in consultation with the relevant Manager, where a Manager is unable to balance expenditure and income within existing approved budgets under their control, and this will have a material impact on the Authority's finances. To ensure the proper administration of the Authority's scheme of virement.
- To ensure timely financial information is available to Managers for budget monitoring and to co-ordinate their financial forecasts
- To prepare quarterly monitoring reports for Members and monthly reports for the Senior Leadership Team, making appropriate recommendations.

9.7 **Responsibilities of Managers**

- To maintain and promote budgetary control within their teams
- To ensure income and expenditure are properly recorded and accounted for
- To ensure an accountable budget manager is identified for each cost centre under their control.
- To ensure that spending at cost centre level remains within the service's overall cash limit - by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.
- To ensure that a monitoring process is in place to review service performance in conjunction with the budget performance to ensure fully effective operations.
- To contribute to reports to Members on the projected expenditure compared to budget, in consultation with the S151 Officer.
- To ensure prior approval by Members for new proposals, of whatever amount, that:
 - (a) create financial commitments in future years
 - (b) change existing policies, initiate new policies or cease existing policies
 - (c) materially extend or reduce the Authority's services.A report on new proposals should explain the full financial implications, following consultation with the S151 Officer. Unless the Authority has agreed otherwise, Directors and Managers must plan to contain the financial implications of such proposals within their cash limit.
- To ensure compliance with the scheme of virement.
- To identify the compliance of new proposals with the Authority's policies
- To consult and agree with other Directors and Managers where it appears that a budget proposal, including a virement proposal, may impact on their services.

10 **Budgets and Medium-Term Planning**

10.1 **Why this is important**

The budget is the financial expression of the Authority's plans and policies and must ensure that resource allocation properly reflects priorities identified in the Business Plan. 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 an Authority to budget for a deficit.

Medium-term planning involves a rolling three year planning cycle in which Managers develop their service plans to align with the Authority's Business Plan. The Authority operates a medium term financial planning cycle to complement medium term service planning. This ensures that the Authority is always preparing for events in advance.

10.2 **Key controls**

The key controls for budgets and medium-term planning are:

- (a) there is specific budget approval for all forecast expenditure and income
- (b) the annual budget and Medium Term Financial Strategy is approved by Authority
- (c) the key controls for the scheme of virement support strategic resource allocation
- (d) budget managers are consulted in the preparation of annual and medium term budgets for which they will be held responsible and accept accountability within delegations set by the Authority for their budgets and the level of service to be delivered
- (e) 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.

10.3 **Responsibilities of Members**

- To set the Authority's annual and medium term budgets before the start of the financial year

10.4 **Responsibilities of the S151 Officer**

- To prepare and submit reports on budget prospects for the Authority and Strategic Leadership Team, taking into account current year and medium-term financial risks and issues.
- To determine the detailed form of revenue estimates and the methods for their preparation, complying with professional standards and the approved budget format.
- To prepare reports to Members on total spending plans and the resources available to fund them.
- To advise Members on the medium-term implications of spending decisions.
- To encourage best value from the use of resources, working with Directors and Managers to improve economy, efficiency and effectiveness.
- To encourage good practice in conducting financial appraisals of investments, service developments or savings options, and in developing the financial aspects of service planning.
- To advise the Authority in accordance with their responsibilities under section 151 of the Local Government Act 1972.
- To manage accurately the revenue and capital budgets of the Authority in accordance with the financial regulations and regulatory and professional good practice

10.6 **Responsibilities of Managers**

- To prepare annual and medium term estimates of income and expenditure, in consultation with the S151 Officer, to be submitted to the Authority.
 - To prepare budgets that are consistent with any relevant cash limits, with the Authority's annual budget cycle and within any guidelines issued by Members.
 - To use the budget format prescribed by the S151 Officer in accordance with the Authority's general directions.
 - To integrate financial and budget plans into service planning, so that budget plans can be supported by financial and non-financial performance measures.
 - To comply with the detailed timetable and guidance issued by the S151 Officer.
 - When drawing up draft budget requirements, to have regard to:
 - (a) spending patterns and pressures revealed through budget monitoring
 - (b) legal requirements and any emerging changes that may need consideration
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- (c) policy requirements defined by the Authority.
- (d) initiatives already under way.
- (e) medium term budgetary requirements.

11 Resource Allocation

11.1 *Why this is important*

A mismatch often exists between available and required resources. It is imperative that service needs and aspirations are carefully prioritised so that resources can be fairly allocated in order to fulfil all legal responsibilities, and Business Plan priorities. Resources may include Officers, Volunteers, money, assets, equipment, goods and materials.

11.2 *Key controls*

The key controls for resource allocation are:

- (a) resources are acquired and used in accordance with the law and using an approved authorisation process
- (b) resources are used only for the purpose intended, to achieve approved policies and objectives, and are properly accounted for
- (c) resources are securely held for use when required
- (d) resources are used with the minimum level of waste, inefficiency or loss.
- (e) resources are allocated taking into account, overall resources available, statutory responsibilities, Business Plan priorities and the principles in the Medium Term Financial Strategy

11.3 *Responsibilities of Members*

- To allocate resources through the budget setting process having due regard to overall funding available, statutory responsibilities, and organisational priorities set out in the Business Plan and Medium Term Financial Strategy

11.4 *Responsibilities of the S151 Officer*

- To assist in the allocation of resources to budget managers.
- To advise on resource allocation processes
- To advise Members and Managers on resources available to fund services, such as government grants or borrowing.
- To advise Members on the prioritisation of resources to meet Business Plan priorities.
- To advise on the achievement of Best Value from the use of resources.

11.5 *Responsibilities of Managers*

- To work within budget limits and to utilise resources allocated in the most efficient, effective and economic way.
- To use resources for the proper delivery of approved policies and objectives.
- To identify opportunities to minimise resource requirements without having a detrimental effect on service delivery.
- To ensure resources are used with the minimum level of waste, inefficiency or loss for other reasons
- To ensure resources are held securely to prevent loss, theft or damage.

12 Capital Programmes

12.1 **Why this is important**

Capital expenditure involves replacing, 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. To be treated as capital, spending on a scheme must be £10,000 or more. Capital assets shape the way services are delivered and create financial commitments for the future in the form of replacement costs, financing costs and running costs. Capital expenditure should be carefully prioritised to maximise the benefit of scarce resources.

12.2 **Key controls**

The key controls for capital programmes are:

- (a) the Authority ensures compliance with the Prudential Code for Capital Finance for Local Authorities and the Code of Practice for Local Authority Accounting
- (b) the capital programme is approved by Authority as part of the budget.
- (c) the S151 Officer confirms the affordability of the capital programme, prior to its approval by Authority
- (d) Senior Leadership Team may add or change capital schemes up to £50,000 in line with the scheme of virement
- (e) Senior Leadership Team may add or change capital schemes over £50,000 and up to £100,000 following prior consultation and agreement with the Chair of Resources Committee.
- (f) Members must approve additions or changes to capital schemes in excess of £100,000
- (g) the method of financing capital schemes is approved by Members
- (h) capital schemes are considered by Senior Leadership Team prior to recommendation to Members to ensure organisational need and strategic fit.
- (i) capital schemes are developed in the context of relevant asset management plans
- (j) capital budget monitoring follows the same stringent guidelines as revenue budget monitoring, with a named accountable manager and regular reporting of forecasts to Senior Leadership Team and Members.
- (k) all capital proposals must identify costs, spending profile, revenue implications, relevance to priorities and key risks.
- (l) No further Member approval is required to purchase land and buildings where the cost of these is within a relevant approved capital budget (including virements).

12.3 **Responsibilities of Members**

- To set the capital programme before the start of each financial year taking into account affordability and the Medium Term Financial Strategy
- To consider amendments to the capital programme during the year taking account of new financial or service based information that becomes available
- To approve the methods of financing of the capital programme
- To approve the acquisition of land and buildings where this is outside the budget framework or officer delegation for amendments required as a result of urgent pressures, set out above.

12.4 **Responsibilities of the Director of Visitor Services and Resources**

- To approve the acquisition of land and buildings within approved budgets, freehold, or leasehold, having regard to advice from the S151 Officer around ongoing revenue costs and lease accounting.

12.5 Responsibilities of the S151 Officer

- To ensure compliance with the Prudential Code for Capital Finance in Local Authorities, as varied from time to time.
- To review capital scheme proposals jointly with the Senior Leadership Team and to present proposals to Authority for consideration as part of the annual budget process.
- To confirm the affordability of the proposed programme and recommend to Members the financing options for the capital programme
- To define 'capital' having regard to government regulations, accounting requirements and internal regulations.
- To prepare guidance on the content of capital proposals for consideration by Senior Leadership Team and Members.
- To account for capital in accordance with the Code of Practice on Local Authority Accounting, as varied from time to time.
- To ensure compliance with these Financial Regulations and to report financial performance of the capital programme to Senior Leadership Team and Members on a regular basis. To prepare reports to Members and the Senior Leadership Team on projected income, expenditure and resources compared with the approved estimates for capital schemes.
- To issue guidance on capital scheme appraisal, management and controls.
- To put in place credit arrangements for the funding of capital schemes where required.

12.6 **Responsibilities of Managers**

- To comply with guidance concerning capital schemes and controls issued by the S151 Officer.
- To report on a regular basis the financial forecasts for each capital scheme.
- To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Director of Visitor Services and Resources.
- To obtain Member authorisation for individual schemes where the estimated expenditure exceeds the approved capital budget and recommend funding options.
- To prepare regular reports reviewing the medium term capital programme provisions for their services.
- To ensure that adequate records are maintained for all capital contracts.
- To proceed with projects only when there is adequate provision in the capital programme, the appropriate approvals have been achieved, and with the agreement of the S151 Officer, where required.
- To ensure that credit arrangements for approved capital schemes, such as leasing agreements, are not entered into without the prior approval of the Director of Visitor Services and Resources and, where applicable, the Monitoring Officer.

13 **Maintenance of Reserves**

13.1 **Why this is important**

Reserves are maintained as a matter of prudence. They enable the Authority to provide for unexpected events and protect it from overspending or failure to achieve income targets, should such events occur. Reserves for specific purposes (earmarked reserves) may also be maintained to protect the Authority from sudden peaks in spending arising from specific issues.

13.2 **Key controls**

The key controls for maintenance of reserves are:

- (a) To maintain reserves in accordance with the Code of Practice on Local Authority Accounting and agreed accounting policies.
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- (b) The Authority takes a medium term view of its reserve requirements, considering the wider financial environment and risks and the Authority's financial resilience
- (c) For each reserve established, the purpose, usage and basis of transactions is clearly identified.
- (d) The Authority prepares budget estimates for the use of reserves before the start of the financial year
- (e) Members are responsible for maintaining prudent levels of reserves during the year, amending forecasts to reflect emerging pressures and risks.
- (f) The S151 Officer has delegated power to apply earmarked reserves up to £50,000 and the trading reserve up to £150,000 for their approved purposes and must report the use of the delegated power to the subsequent meeting of the Resources Committee.
- (g) The S151 Officer has delegated power to apply the External Grants Reserve for the purpose of the grant without recourse to Members.
- (h) The S151 Officer has delegated power to use the General Reserve up to £50,000 on the grounds of urgency and must report the use of the delegated power to the subsequent meeting of the Resources Committee.
- (i) Members are responsible for approving reserves usage not delegated to Officers.
- (j) Members approve the creation of new reserves, the closure of reserves no longer needed and the use of reserves taking account of the advice of the S151 Officer.

13.3 **Responsibilities of Members**

- To set appropriate levels of reserves for the Authority for the coming year and over the medium term, taking account of the advice of the S151 Officer.
- To approve changes to reserves, taking account of the advice of the S151 Officer including the:
 - creation of new reserves
 - closure of reserves that are no longer needed
 - proposed use of reserves
 - proposed replenishment of reserves.
- To monitor reserve use during the year and amend forecasts in the light of emerging financial pressures and risks.

13.4 **Responsibilities of the S151 Officer**

- To advise Members on prudent levels of reserves for the current year and medium term, taking into account the wider financial environment and risks and the views of external audit, where appropriate.
- To approve the use of earmarked reserves up to £50,000 and up to a net draw of £150,000 on the Trading Reserve for the purposes for which the reserve was created and to report to the subsequent meeting of the Resources Committee.
- To approve the use of the General Reserve up to £50,000 on the grounds of urgency and report to the subsequent meeting of the Resources Committee
- To approve use of the External Grants reserve for the intended funding purpose

- To maintain accurate records of reserve movements and to report the reserves position to Senior Leadership Team and Members

13.6 **Responsibilities of Managers**

- To ensure that allocations of reserves to services are used only for the specific purposes for which they were intended, and to report to Senior Leadership Team and Members on their usage as required.
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14 Provisions

14.1 *Why this is important*

It is important that we can plan our financial resources to ensure we have adequate funds to meet financial liabilities occurring in the future. We can set aside funds using provisions where a financial liability is known but the timing of the payment is uncertain. Provisions allow us to take a planned approach to exceptional financial events. They are different from reserves because they have to be for a specific and exceptional purpose that will involve a payment to a third party.

14.2 *Key controls*

The key controls for maintenance of provisions are:

- (a) To set up provisions in accordance with the Code of Practice on Local Authority Accounting *as varied from time to time*, and agreed accounting policies.
- (b) For each provision, the purpose, usage and basis of the liability is clearly identified.
- (c) Members approve the creation of new provisions and the use of existing provisions taking account of the advice of the S151 Officer and Resources

14.3 *Responsibilities of Members*

- To consider proposals for new provisions and the use of existing provisions, taking account the advice of the S151 Officer.

14.4 *Responsibilities of the S151 Officer*

- To advise Members on known financial liabilities that require a financial provision and to advise on the use of existing provisions

14.5 *Responsibilities of Managers*

- To notify the S151 Officer where new provisions might be required
 - To ensure that provisions released into budgets are used only for the specific purposes for which they were intended
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3. Financial Regulations – Detailed Responsibilities

RISK MANAGEMENT AND CONTROL OF RESOURCES

15 Risk Management

15.1 *Why this is important*

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 risks. It aims to secure the organisation's assets and continuing service operations. It is an integral part of good business practice.

15.2 *Key controls*

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) risks are updated at least annually
- (c) strategic risks are recorded on a corporate risk register, which is reported monthly to Strategic Leadership Team and quarterly to Resources Committee.
- (d) Service based risks are contained in detailed service plans and regularly reviewed
- (e) monitoring processes are in place to regularly review the effectiveness of risk reduction strategies and the operation of controls for strategic and operational risks.
- (f) Managers know that they are responsible for managing relevant risks and are provided with relevant risk training
- (g) appropriate provision is made for losses that might result from the risks that remain
- (h) procedures are in place to investigate claims within required timescales
- (i) acceptable levels of risk are determined and insured against where appropriate
- (j) the Authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its operations and resources.

15.3 *Responsibilities of Members*

- To approve the Authority's risk management strategy, and to promote a culture of risk management awareness throughout the organisation
- To monitor corporate risks facing the Authority to ensure effective mitigation action takes place.

15.4 *Responsibilities of the Head of People and OD*

- To ensure that the Authority has in place a robust risk management strategy.
- To own the risk register and to develop risk management controls relating to key corporate risks in conjunction with other Directors.
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- To bring significant newly emerging risks to the attention of Members
- To ensure effective business systems are in place to record and monitor risks
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15.5 *Responsibilities of the S151 Officer*

- To advise Members on appropriate cover (whether through insurance or internal funds) to manage key risks
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- To effect corporate insurance cover, through external insurance and internal funding, and ensure effective fidelity guarantee insurance for appropriate employees.
- to negotiate all claims in consultation with other Officers, where necessary.

15.6 **Responsibilities of Managers**

- To notify the Head of Resources immediately of any actual or potential accidents, losses, liability or damage that may lead to a claim against the Authority, together with any supporting information required by the Authority's insurers.
- To take responsibility for risk management, having regard to advice from the Head of People and OD, the Head of Resources and other specialist Officers (e.g. health and safety).
- To ensure that there are regular reviews of risk within their teams.
- To notify the Head of Resources promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurance policies.
- To consult the S151 Officer and the Authority Solicitor on the terms of any indemnity that the Authority is requested to give.
- To ensure that employees, or anyone covered by the Authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

16 **Internal Controls**

16.1 **Why this is important**

The Authority is complex and beyond the direct control of individuals. It requires internal controls to ensure sound governance and to monitor progress towards statutory obligations and strategic objectives. The Authority faces a wide range of financial, administrative and commercial risks, from many sources which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.

The system of internal controls is established in order to provide measurable achievement of:

- efficient and effective operations
- reliable financial information and reporting
- compliance with laws and regulations
- effective management of risk.

16.2 **Key controls**

The key controls and control objectives for internal control systems are:

- (a) key controls are reviewed on a regular basis and a formal statement is made annually on their effectiveness in the Annual Governance Statement.
- (b) management control systems are in place, including defining policies, setting objectives and plans, monitoring financial and service performance and the taking of appropriate action. Ownership is promoted by defining roles and responsibilities
- (c) financial and operational control systems and procedures are in place, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems
- (d) effective internal and external audit functions operate for the Authority in accordance with all professional and statutory obligations for local government audit.

16.3 **Responsibilities of Members**

- To review the system of internal control annually, with the S151 Officer, as part of the Annual Governance Statement

16.4 **Responsibilities of the S151 Officer**

- To assist the Authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- To review the effectiveness of the Authority's governance arrangements on an annual basis
- To prepare the Authority's Annual Governance Statement for Member consideration.

16.5 **Responsibilities of Managers**

- To manage processes, ensuring that established controls are being adhered to
- To evaluate the effectiveness of business processes, securing the proper use of resources, achievement of objectives and management of risks.
- To review existing controls in the light of changes affecting the Authority and to establish and implement new ones in line with guidance from the Director of Communication and Resources.
- To remove controls that are unnecessary or ineffective from a cost or risk management perspective - for example because of duplication.
- To ensure Officers have a clear understanding of the importance of internal controls and the consequences of lack of control.

17 **Internal Audit**

17.1 **Why this is important**

The Accounts and Audit (England) Regulations 2015, as varied from time to time, require that we maintain an effective system of internal control supported by sound internal audit arrangements. Internal audit provides an independent and objective appraisal of 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.

17.2 **Key controls**

The key controls for internal audit are:

- (a) that it is independent in its planning and operation
- (b) the lead internal auditor has direct access to the Chief Executive, all levels of management and Members
- (c) internal auditors comply with all up to date statutory and professional guidance for local government internal audit
- (d) Governance committee considers the findings of internal audit and monitors the implementation of internal audit recommendations

17.3 **Responsibilities of Members**

- To monitor compliance with Public Sector Internal Audit Standards
- To consider reports of the Internal Auditor and the Authority's response
- To monitor the implementation of internal audit recommendations
- To request work from Internal Audit in response to new or heightened risks

17.4 **Responsibilities of the S151 Officer**

To ensure that internal auditors have the authority to:

- (a) access Authority premises at reasonable times
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- (b) access all assets, records, documents, correspondence and control systems
- (c) receive any information and explanation considered necessary concerning any matter under consideration
- (d) require any employee of the Authority to account for cash, stores or any other Authority asset under their control
- (e) access records belonging to third parties, such as contractors, as appropriate
- (f) directly access the Chief Executive, all levels of management and Members
- To approve the strategic and annual audit plans prepared by the lead internal auditor, which take account of the characteristics and relative risks of the activities involved.
- To ensure compliance with Public Sector Internal Audit Standards
- To ensure that effective procedures are in place to investigate promptly any fraud or irregularity.
- To report internal audit findings to Members, along with progress in implementing their recommendations

- To ensure Governance Committee considers all internal audit reports (with the exception of individual grant claim audits) and receives effective progress updates on the implementation of audit recommendations.
- To ensure Governance Committee considers all reports required under Public Sector Internal Audit Standards

17.6 **Responsibilities of Managers**

- To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets they consider necessary for their work.
- To ensure that internal auditors are provided with any information and explanations that they seek in the course of their work.
- To consider and respond promptly and professionally to internal audit recommendations.
- To implement agreed actions arising from audit recommendations in a timely and efficient fashion.
- To notify the S151 Officer of any suspected fraud, theft, irregularity, improper use or misappropriation of the Authority's property or resources, in line with the [Anti-Fraud, Theft and Corruption](#) Policy. Pending investigation and reporting, Managers should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- To ensure that any significant new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the S151 Officer and Head of Internal Audit prior to implementation.
- To report to Governance Committee on the implementation of internal audit recommendations for their area.

18 **External Audit**

18.1 **Why this is important**

The external audit function supports transparency and public accountability in the Authority's financial arrangements by reporting on whether the Statement of Accounts presents a true and fair view of the Authority's financial position and by reporting on arrangements to secure value for money. Their work also provides an additional layer of scrutiny and assurance on the Authority's internal control arrangements. The work of external audit is governed by the Local Audit and Accountability Act 2014 as varied from time to time, with professional and regulatory oversight from the National Audit Office, the Financial Reporting Council and PSAA Ltd.

18.2 **Key controls**

- (a) A statutory framework exists setting out the requirements for external audit
- (d) external audit reports and their recommendations are considered by the Governance Committee and by the wider membership where appropriate

18.3 **Responsibilities of Members**

- To consider external audit reports and determine the Authority's response
- To monitor the implementation of recommendations from external audit

18.4 **Responsibilities of the S151 Officer**

- To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that they consider necessary for their work.
- To ensure there is effective liaison between external and internal audit.
- To consider external audit recommendations and recommend an appropriate management response
- To work with the external auditor and advise the Authority, and Managers on their responsibilities in relation to external audit.

- To assist the external auditor during the main audit of accounts and any other significant audits.
- To prepare reports for Members on the implementation of external audit recommendations

18.5 **Responsibilities of Managers**

- To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for their work.
- To ensure that all records and systems are up to date and available for inspection.
- To ensure any agreed actions arising from external audit recommendations are carried out in a timely and efficient fashion.
- To report to Governance Committee on the implementation of external audit recommendations for their area.

19 **Preventing Fraud and Corruption**

19.1 **Why is it this important?**

The Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Authority. The Authority expects propriety and accountability from its Members and Officers at all times. Members and Officers will lead by example in ensuring adherence to legal requirements, rules, procedures and practices. The Authority also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act with integrity and propriety at all times.

19.2 **Key controls**

The key controls regarding the prevention of financial irregularities are that:

- (a) the Authority has an effective Anti-Fraud, Theft and Corruption policy which maintains a culture that will not tolerate fraud or corruption
 - (b) Members and Officers are bound by Codes of Conduct that uphold high standards of behaviour
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- (c) all Members and Officers act with integrity and lead by example
- (d) all Officers and Members report money laundering suspicions where appropriate
- (e) Managers deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt
- (f) high standards of Member conduct are promoted by the Governance Committee
- (g) a register of interests for Officers and Members is maintained in which any hospitality or gifts accepted must be recorded
- (h) a register of financial and other interests of Members is maintained in accordance with the provisions of S29 of the Localism Act 2011.
- (i) a register of disclosures by Officers is maintained of interests in contracts in accordance with the provisions of S117 of the Local Government Act 1972 as amended.
- (j) whistle blowing procedures are in place and operate effectively
- (k) legislation including the Public Interest Disclosure Act 1998 is adhered to.

19.3 **Responsibilities of Members**

- To approve the Authority's Anti-fraud, Theft and Corruption policy, Confidential Reporting (Whistleblowing) Policy and Member and Officer Codes of Conduct, as varied from time to time
- To ensure that their personal conduct conforms with these policies at all times.

19.4 **Responsibilities of the S151 Officer**

- To develop and maintain an Anti-fraud, Theft and Corruption Policy that also covers money laundering.
- To maintain adequate and effective internal control arrangements.
- To ensure that all suspected financial irregularities are reported to the Head of Internal Audit and the Monitoring Officer and where appropriate the Chief Executive, and Members, and if necessary external parties (eg the Police, HMRC)
- To ensure that all proven financial irregularities are reported to the Members
- To ensure the Authority maintains a register of interests for Officers and Members in which hospitality and gifts are recorded.
- To ensure a Confidential Reporting (Whistleblowing) Policy is in place.

19.5 **Responsibilities of the Monitoring Officer**

- To maintain a register of disclosures of personal and prejudicial interests declared by Members of the Authority in accordance with the Authority's Member Code of Conduct
- To maintain a register of financial and other interests of Members in accordance with the provisions of Section 29 of the Localism Act 2011
- To maintain a register of gifts and hospitality received by Members in accordance with the Authority's Member Code of Conduct
- To maintain a register of disclosures by Officers of interests in contracts in accordance with the provisions of Section 117 of the Local Government Act 1972 as amended
- To receive and investigate reports from Officers in accordance with the Authority's Confidential Reporting (Whistleblowing) Policy.
- To maintain and promote high standards of Member conduct
- To ensure the Governance Committee promotes high standards of Member conduct.
- To ensure the Public Interest Disclosure Act is adhered to.

19.6 **Responsibilities of Managers**

- To ensure that all suspected financial irregularities, instances of fraud or attempts to defraud are reported to the S151 Officer and to the Head of Internal Audit.
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- To instigate disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- To ensure that where financial impropriety is discovered, the S151 Officer is informed, and where sufficient evidence exists to believe that a criminal offence may have been committed, the police are also informed.
- To ensure Officers keep the register of interests up to date.

20 Assets: Security

20.1 Why this is important

The Authority holds assets in the form of property, vehicles, equipment, furniture and other items worth millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management. Asset management plans, for the various categories of asset, are essential to ensure that the Authority is maintaining and enhancing its assets in line with available resources and the Business Plan and Vision for the National Park.

20.2 Key controls

The key controls for the security of assets such as land, buildings, fixed plant machinery, equipment, software and information are:

- (a) assets are used only for Authority purposes and are properly accounted for
- (b) assets are available for use when required in the delivery of services
- (c) assets no longer required are disposed of in accordance with the law and Authority procedures to ensure Best Value.
- (d) an asset register is maintained and kept up to date for the Authority.
- (e) Officers are aware of their responsibilities to safeguard the Authority's assets and information, including the requirements of the Data Protection Act 2018, the General Data Protection Regulations 2016 and software copyright legislation
- (f) the Authority has appointed a Data Protection Officer to safeguard personal information, with governance of information assets under the oversight of the Authority Solicitor.
- (g) Officers 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.
- (h) asset management plans are in place for different types of asset to ensure they are safeguarded and managed effectively in line with the Authority's resources, the Business Plan and the Vision for the National Park.

20.3 Responsibilities of Members

- To approve asset management plans to ensure that assets are managed effectively in line with the Authority's resources, the Business Plan and the Vision.

20.4 Responsibilities of the S151 Officer

- To ensure that an asset register is maintained, in accordance with good practice, for all fixed assets with a value over £10,000. The asset register provides the Authority with information about fixed assets so that they can be safeguarded, use efficiently and effectively and are adequately maintained.
 - To advise on the content of local asset registers and inventories in the Authority
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- To ensure the Authority has in place effective plans for the management of its assets that take into account the Authority's resources, the Business Plan and the Vision
- To maintain the Authority's asset registers in accordance with good practice and to ensure it reconciles with the Authority's Statement of Accounts. This includes a property database for all properties, and a register of plant and machinery and moveable assets currently owned or used by the Authority
- To arrange for the valuation of assets in accordance with the Code of Practice on Local Authority Accounting
- To ensure that lessees and other prospective occupiers of Authority land do not take possession or enter the land until a lease or agreement, in a form approved by the Authority Solicitor has been established.
- To pass title deeds to the Authority Solicitor who is responsible for their safe custody.
- To ensure that proper procedures are in place for the security of all buildings and the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Authority.
- To ensure that no Authority asset is subject to personal use by an employee without the proper authorities.
- To put proper procedures in place that ensure any use of property by an establishment other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use

20.6 Responsibilities of Managers

- To maintain a register of moveable assets in accordance with the advice of the S151 Officer.
- To ensure that assets are identified, their location recorded and that they are appropriately marked and insured.
- To consult the Head of Resources in any case where security is thought to be defective or where special security arrangements may be needed.
- To ensure cash holdings on premises are kept to a minimum.
- To ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the Head of Resources as soon as possible.
- To ensure that all employees are aware that they 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 costs to the Authority.

Inventories

- To maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery above £500 in value.
- To 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, amending the inventory accordingly. Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Authority.
- To make sure that property is only used in the course of the Authority's business, unless the Director concerned has given permission otherwise.

Stocks and stores

- To make arrangements for the care and custody of all stocks and stores in their team.
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- To 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.

21 Assets: Intellectual Property

21.1 *Why this is important*

Intellectual property is a generic term that includes inventions and writing. If these are created by the employee 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.

21.2 *Key controls*

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, and with the advice of the Authority Solicitor.

21.3 *Responsibilities of Members*

- To approve the Authority's policy on intellectual property

21.4 *Responsibilities of the Monitoring Officer*

- To develop, and keep up to date, an intellectual property policy for the Authority
- To develop and disseminate good practice through the Authority's intellectual property procedures

21.5 *Responsibilities of Managers*

- To establish controls that ensure that Officers do not carry out private work in Authority time and that Officers are aware of an employer's rights with regard to intellectual property.

22 Assets Disposal, Leasing Write-Off and Trade-in

22.1 *Why this is important*

Assets that are no longer required by the Authority for operational, strategic or investment purposes should be considered for disposal or lease at the appropriate time having taken account of relevant commercial considerations for the asset. Similarly, it would be uneconomic and inefficient for the cost of assets to outweigh their benefits and obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the Authority.

Definitions - Disposal

For the purpose of these regulations, disposal is defined as the sale of assets no longer required by the Authority. Disposal would occur where the asset has an intrinsic commercial value and would generate income for the Authority.

Definitions – Leasing / Licensing

For the purposes of these regulations asset leasing or licensing is defined as the granting of permission to a third party to use Authority assets, for an agreed period of time in return for an agreed consideration. In legal terms (for property assets) a lease or license over 7 years is treated as a disposal.

Definitions – Write-off

For the purposes of these regulations, write-off is defined as the removal or disposal of assets with no intrinsic commercial value because they are missing, obsolete or uneconomic to repair.

Definitions – Trade in

For the purposes of these regulations a trade-in is where an existing asset is sold to a company providing a replacement asset, in order to reduce the net cost to the Authority of a replacement asset

22.2 Key controls

Key controls for asset disposals, leasing, write-offs and trade-ins are:

- (a) assets for disposal are identified and are disposed of only when it is in the best interests of the Authority.
- (b) disposals ensure that best price is obtained, bearing in mind other factors, such as environmental and social responsibilities. All items should be disposed of by an appropriate competitive process unless an alternative disposal method has been approved by the S151 Officer.
- (c) procedures protect Officers involved in the disposal from accusations of personal gain.
- (d) Authority approval is required for all disposals of land and buildings over £100,000 in value. Any lease or license of land and/or buildings with a term greater than 7 years counts as a disposal and the £100,000 threshold applies.
- (e) S151 Officer is required for all disposals of land and buildings less than £100,000 in value
- (f) S151 Officer approval is required for the leasing or licensing of property for commercial purposes, for annual values up to £50,000 or with a lifetime value up to £250,000.
- (g) Member approval is required for the leasing or licensing of land and/or buildings for commercial purposes, where the annual value of the lease or license is greater than £50,000 or the lifetime value is over £250,000
- (h) Resources Committee approval is required for all asset write-offs and disposals in excess of £50,000.
- (i) Director approval is required for all write-offs below £50,000.
- (j) Managers retain sufficient evidence of having obtained value for money when trading in assets, particularly with regard to trade-in values.

22.3 Responsibilities of Members

- To approve the Scheme of Delegation for asset disposals and write-offs
- To consider requests for asset disposals and write offs in excess of £50,000.
- To consider all requests for the disposal of land and / or buildings over £100,000 in value, including property leases or licences greater than 7 years with a lifetime value over £100,000.
- To consider all requests for the leasing or licencing of property for commercial purposes, where the annual value is greater than £50,000 or the lifetime value is greater than £250,000.

22.4 Responsibilities of the S151 Officer

- To consider requests for the disposal of land and buildings of less than £100,000 in value.
 - To consider all requests for commercial leases or licenses of the Authority's land and/or buildings up to £50,000 per annum or with a lifetime value up to £250,000.
-

- To prepare reports for Members recommending the disposal of assets or the leasing or licensing of land and buildings where values are outside the thresholds delegated to Officers.
- To ensure appropriate accounting entries are made for leases or licenses and to remove the value of assets that are disposed of, written off or traded in, from the Authority's records, and including sale proceeds where appropriate.
- To advise managers on procedures to follow to ensure compliance with financial regulations.
- To issue guidelines representing best practice for disposal of assets.

22.5 **Responsibilities of Managers**

General

- To identify assets that are no longer required, obsolete, missing, not repairable or inefficient to maintain
- To notify the Head of Programmes and Resources of all disposals, leases, write-offs and trade-ins to ensure the appropriate accounting entries can be made.
- To seek legal advice from the Authority Solicitor as required to ensure all proposed procedures comply with legal and regulatory guidance for local authorities
- To seek advice from relevant Officers on the safe disposal of surplus or obsolete materials, stores or equipment.
- To ensure that income received for the disposal of an asset is properly banked and coded.

Write-offs

- To investigate and write off missing assets or discrepancies (including stock discrepancies) as necessary, and to seek Resources Committee approval if they are in excess of £50,000.
- To seek approval from their Director for all write-offs up to £50,000
- To seek Member approval for all write-offs in excess of £50,000

Disposals

- To undertake asset disposals in accordance with proper procedures
- To seek Member approval for all disposals of land and buildings (including leasing or licensing of properties in excess of 7 years) over £100,000, and S151 Officer approval for disposals under the threshold.
- To seek S151 Officer approval for non-property asset disposals up to £50,000
- To seek Resources Committee approval for non-property asset disposals over £50,000
- For assets with an estimated value of £5,000 or less, disposals must demonstrate best value and Managers should achieve the best sale price by ensuring that all items are disposed of by an appropriate competitive process unless an alternative disposal method has been approved by the S151 Officer.

Leasing/Licensing

- To undertake asset leases / licences in accordance with proper procedures, taking advice from the Authority Solicitor and S151 Officer
 - To seek Member approval for the commercial leasing or licensing of property with an annual value over £50,000 or a lifetime value over £250,000, and approval from the Director of Visitor Services and Resources below this threshold
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- To seek Member approval for leases and licences of property in excess of 7 years, with a lifetime value over £100,000 and S151 Officer approval below this threshold.

Trade-ins

- To ensure best value can be demonstrated from the trade-in of the asset. This is likely to involve more than one quote for a replacement asset and trade-in value of an existing asset.

23 Leasing

23.1 Why is this important?

Leasing can be a useful way of financing assets and equipment when the Authority does not have sufficient resources to pay for them up front. For some assets leasing can provide best value by allowing payments to be spread and preventing the need for disposal costs at the end of an asset's useful life. All leases must be appropriately treated in the Authority's accounts and must be approved by the S151 Officer and the Authority Solicitor, and may be signed by the S151 Officer .

23.2 Key controls

The key controls for leasing are:

- (a) Assets are leased only where there are insufficient funds to purchase the asset outright, or best value can be demonstrated from the arrangement
- (b) Leases are checked by the Authority Solicitor and S151 Officer to ensure their status as regards credit arrangements is clear.
- (c) The S151 Officer has delegated power to enter into leases through the Treasury Management Strategy and Prudential Indicators.
- (d) Prudential indicators are checked to ensure borrowing powers are not breached

23.3 Responsibilities of Members

- To approve the Treasury Management Strategy and the Prudential Indicators each year.

23.4 Responsibility of the S151 Officer

- To ensure that borrowing powers set out in the Treasury Management Strategy and Prudential indicators are not breached.
- To sign leases on behalf of the Authority in accordance with delegated powers and Contract Standing Orders.
- To consider all leases in conjunction with the Authority Solicitor.
- To apply appropriate accounting treatments for leases.
- To monitor the use of borrowing powers and prudential indicators.

23.6 Responsibilities of Managers

- To seek the advice of the Authority Solicitor and S151 Officer on all lease agreements before entering into leasing arrangements
 - To ensure any authorisation of leasing arrangements is in line with delegated powers
 - To ensure there is sufficient budget provision in the current and medium term financial budgets for the proposed leasing arrangements
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24 Treasury Management and Prudential Reporting

24.1 *Why this is important*

Sound treasury management procedures provide assurance 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 capital sums.

The Authority has adopted the key recommendations of CIPFA's *Treasury Management in the Public Services: Code of Practice*. The Authority will create and maintain a Treasury Management Policy Statement and suitable Treasury Management Practices following the guidance identified in the Code, and will not materially deviate from the spirit or the content of the Code, as varied from time to time.

Prudential reporting provides a framework for managing capital and treasury management activities to ensure they are affordable and sustainable for the Authority over the medium term.

24.2 *Key controls*

The key controls for treasury management and prudential reporting are:

- (a) investments and borrowings comply with the CIPFA *Treasury Management in the Public Services: Code of Practice* and the Authority's Treasury Policy Statement.
- (b) Members approve the prudential indicators as part of the budget setting round before the start of the financial year, and monitor them during the year.
- (c) Authority approves the Treasury Management Policy and Strategy before the start of the financial year which includes limits for individual organisations.

24.3 *Responsibilities of Members*

- To approve the Authority's Treasury Management Policy and Strategy, and suite of Prudential Indicators before the start of the financial year.
- To receive a report (at least annually) on the performance of the Treasury Management operation for the Authority.
- To monitor prudential indicators during the financial year and to make amendments in the light of emerging financial pressures and risks

24.4 *Responsibilities of S151 Officer*

Treasury Management and Banking

- To ensure proper policies and procedures are in place for treasury management and banking; complying with the CIPFA's *Treasury Management in the Public Services: Code of Practice* and the Authority's Treasury Management Policy Statement and Strategy.
- To prepare a Treasury Management Strategy before the start of the financial year
- To report to Authority at least once a year on treasury management activities.
- To open, close and operate bank accounts as necessary to conduct business effectively.
- To follow CIPFA's *Standard of Professional Practice on Treasury Management*

Investments and Borrowing

- To ensure that all investments of money are made in the name of the Authority
 - To ensure that all securities that belong to the Authority are held in the custody of the appropriate Director.
 - To ensure that all title deeds are held in the custody of the Authority Solicitor.
 - To ensure all borrowings are effected in the name of the Authority.
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- To act as the Authority's registrar of stocks, bonds and mortgages (where applicable) and to maintain records of all borrowing of money by the Authority.

Imprest Accounts

- To ensure appropriate imprest account arrangements are in place to allow effective service operations and financial controls.

Prudential Reporting

- To report prudential indicators for Members before the start of the financial year
- To report performance against the prudential indicators during the financial year
- To advise Members if a decision would lead to a potential breach of the indicators.

24.6 **Responsibilities of Managers**

Treasury Management and Banking

- To follow the banking instructions issued by the S151 Officer.
- To provide information to the Finance Team to allow an up to date bank signatory list to be maintained
- To inform the S151 Officer of any bank account openings or closures required to ensure the effective operation of Authority services

Investments and Borrowing

- To 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 Authority, following consultation with the S151 Officer and the Authority Solicitor.

Trust Funds and Funds Held for Third Parties

- To arrange for all trust funds to 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 S151 Officer, unless the deed otherwise provides.
- To arrange, where funds are held on behalf of third parties, for their secure administration, approved by the S151 Officer, and to maintain written records of all transactions.
- To ensure that trust funds are operated within any relevant legislation and the specific requirements for each trust.

Imprest Accounts

- To ensure that employees operating an imprest account:
 - (a) obtain and retain vouchers to support each payment from the imprest account. Where appropriate, an official receipted VAT invoice must be obtained
 - (b) make adequate arrangements for the safe custody of the account
 - (c) produce upon demand by the S151 Officer, the Finance Team, or the Authority auditors, cash and vouchers to the total value of the imprest amount
 - (d) record transactions promptly and accurately
 - (e) reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder
 - (f) provide the S151 Officer with a certificate of the value of the account held at 31 March each year
 - (g) ensure that the float is never used to cash personal cheques or to make personal loans and that the only payments into the account are the reimbursement of the float and change relating to purchases where an advance has been made
-

- (h) on leaving the Authority's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the S151 Officer for the amount advanced to him or her.

25 Employee Costs

25.1 *Why this is important*

In order to provide the highest level of service, it is crucial that the Authority recruits and retains high calibre, knowledgeable Officers, qualified to an appropriate level.

25.2 *Key controls*

The key controls for managing employee costs are:

- (a) an appropriate service planning framework is in place to match Officer requirements with budget allocations
- (b) procedures are in place for forecasting Officer requirements and costs
- (c) controls are implemented that ensure that Officers' time is used efficiently and to the benefit of the Authority
- (d) checks are undertaken prior to employing new Officers to ensure that they are appropriately qualified, experienced and trustworthy.

25.3 *Responsibilities of Members*

- To set the budget for employee costs for the Authority
- To provide appropriate delegations for the effective management of employee costs for the Authority taking into account the advice of the Head of Paid Service (Chief Executive) and the Head of People and Organisational Development.

25.4 *Responsibilities of the S151 Officer*

- To advise managers and Members on the affordability of the organisational structure.
- To advise on areas such as National Insurance and pension contributions insofar as these effect the total costs to the Authority.
- To provide reports to Senior Leadership Team on the cost of the organisational structure to allow action to be taken if required
- To provide estimates of the cost of the organisational structure to Managers to assist them in preparing their budgetary forecasts.

25.6 *Responsibilities of Managers*

- To ensure, in consultation with the S151 Officer, that budget provision exists for all existing and new employees.
 - To produce an annual employee costs budget.
 - To ensure that the budget for employee costs is an accurate forecast of Officer levels and is included on an appropriate revenue budget heading
 - To monitor Officers' activity to ensure adequate control over costs such as sickness, overtime, training and temporary cover.
 - To ensure that the employee costs budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.
 - To ensure that the S151 Officer is immediately informed if the employee costs budget is likely to be materially overspent or underspent.
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3. Financial Regulations – Detailed Responsibilities

FINANCIAL SYSTEMS AND PROCEDURES

26 Financial Systems (Manual and Electronic)

26.1 *Why this is important*

The Authority has many systems and procedures relating to the control of its resources. The information within them must 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. The S151 Officer has a professional responsibility to ensure the integrity of the Authority's financial systems (manual and electronic) and the Finance Team should be consulted before making any changes.

26.2 *Key controls*

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 and monitored
- (b) accurate financial performance data is available to Managers on a real time basis
- (c) early warning is provided of deviations from targets, plans and budgets that require management attention
- (d) operating systems and procedures are secure.
- (e) back up procedures and disaster recovery arrangements are in place for the security of electronic data

26.3 *Responsibilities of Members*

- To appoint a Section 151 Officer with delegated responsibility for making arrangements for the proper administration of the Authority's financial affairs.

26.4 *Responsibilities of the S151 Officer*

- To make arrangements for the proper administration of the Authority's financial affairs, including to:
 - (a) issue advice, guidance and procedures for Officers and others acting on the Authority's behalf
 - (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
 - (e) approve any material changes to be made to existing financial systems.
- To accurately and securely maintain the main corporate financial systems and ensure they are up to date as regards budgets, transactions and reporting structures.

26.6 *Responsibilities of Managers*

Integrity of Accounting Records

- To ensure that accounting records are properly maintained and held securely.
 - To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the S151 Officer.
 - To 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.
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- To consult with the Finance Team before changing any existing financially based system or introducing new systems.
- To incorporate appropriate controls to ensure that, where relevant:
 - (a) all input is genuine, complete, accurate, timely and not previously processed
 - (b) all processing is carried out in an accurate, complete and timely manner
 - (c) output from the system is complete, accurate and timely.

Appropriate Structures

- To ensure their team structure provides an appropriate segregation of duties to minimise the risk of error, fraud or other malpractice.
- To establish a scheme of delegation identifying Officers authorised to act upon the manager's behalf in respect of payments, income collection and placing orders, including variations, and showing the limits of their Authority.
- To supply lists of authorised Officers, with specimen signatures (if applicable) and delegated limits, to the Finance Team, together with any subsequent variations.
- To ensure that financial systems in their teams are documented and Officers trained in operations.

Computer Records

- To ensure there is a documented and tested disaster recovery plan to allow computerised information processing to resume quickly following an interruption
- To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Back-up computerised information must be securely retained in a fireproof location, preferably off site or at an alternative location within the building to enable timely recovery.
- To ensure that, where appropriate, computerised data is registered in accordance with data protection legislation and that Officers are aware of their responsibilities under the legislation.
- To ensure that relevant professional industry standards and guidelines for computerised data and its use are observed.
- To ensure that computer equipment, software and data are protected from loss and damage through theft, vandalism, etc.
- To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
 - (a) only software legally acquired, approved and installed by the ICT Team is used on Authority computers
 - (b) Officers are aware of legislative provisions in relation to the use of information
 - (c) due regard is given to intellectual property rights in developing systems.

27 Income

27.1 Why this is important

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.

27.2 Key controls

The key controls for income are:

- (a) all new schemes for charging for services are approved by Senior Leadership Team and comply with the Scheme of Delegation
 - (b) Officers review prices annually as part of the budget setting process, ensuring any sensitive pricing decisions are considered by Senior Leadership Team
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- (c) Directors have delegated powers to make appropriate price increases to services
- (b) all income due to the Authority is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed
- (d) all income is collected from the correct person, and properly recorded at the right time, using the correct procedures and the appropriate stationery
- (e) all money received by an employee on behalf of the Authority is paid without delay to Authority's bank account in accordance with the procedures approved by the S151 Officer.
- (f) The responsibility for cash collection is separated from that:
 - for identifying the amount due
 - for reconciling the amount due to the amount received
- (g) effective action is taken to pursue non-payment within defined timescales
- (h) money is reconciled to the bank account by a person who is not involved in the collection or banking process.
- (i) Member approval is required to write off bad debts over £15,000
- (k) appropriate accounting adjustments are made for write-offs
- (l) all appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule (see page 19)

27.3 Responsibilities of Members

- To ensure an effective Scheme of Delegation is in place for revising charges, and writing off bad debts including appropriate thresholds.
- To consider new charging schemes, where these are considered to be sensitive, as requested by the Senior Leadership Team

27.4 Responsibilities of the S151 Officer

- To ensure proper arrangements are in place for the collection of all income due to the Authority and to approve the procedures, systems and documentation for its collection.
- To formally approve, in conjunction with the Monitoring Officer, the write-off of individual bad debts up to £15,000, and to refer larger sums to Members.
- To obtain the approval of Members for writing off debts in excess of £15,000.
- To determine an appropriate provision for bad and doubtful debts each year.

- To ensure Managers are provided with official receipt forms, books or tickets and similar items as required and to ensure proper control procedures.
- To ensure there are written records of all sums written off and to adhere to the requirements of the Accounts and Audit (England) Regulations 2015, as varied from time to time.
- To ensure that appropriate accounting adjustments are made following write-off action

27.6 Responsibilities of the Monitoring Officer

- To pursue bad debts through the courts where necessary
 - To consider, in conjunction with the Director of Visitor Services and Resources the writing off of bad debts up to £15,000 where there is little chance of successful receipt of the funds
 - To contribute to reports to Members seeking approval for the write-off of bad debts in excess of £15,000
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27.7 Responsibilities of Managers

Charging Policies

- To develop charging policies for the supply of goods or services for approval by Senior Leadership Team and to review them at least annually
- To ensure charging policies consider the appropriate charging of VAT
- To review prices at least annually and report any sensitive proposed price changes to Senior Leadership Team

Income Procedures

- To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- To issue official receipts and to maintain other relevant documentation for income collection.
- To ensure that at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- To hold securely receipts, tickets and other records of income for the appropriate period.
- To lock away all income to safeguard against loss or theft, and to ensure the security of cash handling.
- To 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.
- To ensure income is not used to cash personal cheques or other payments.
- To use established performance management systems to monitor recovery of income and flag up areas of concern to the Finance & Performance Team.
- To ensure only approved levels of cash are held on the premises.
- To keep a record of every transfer of money between employees of the Authority. The receiving Officer must sign for the transfer and the transferor must retain a copy.

Invoicing and Debt Collection

- To supply the Finance Team with details relating to chargeable goods and services supplied, or other amounts due. This enables the Authority to record sums due correctly and to ensure invoices are sent out promptly.
- To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- To assist the collection of debts that they have originated, by providing any further information requested by the debtor, and pursuing the matter on the Authority's behalf.
- To recommend to the S151 Officer all debts to be written off up to £15,000 and to keep a record of all sums written off. Once raised, no bona fide debt may be cancelled, except by full payment or by its formal writing off. 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.

Write offs

- To consult with the S151 Officer and Monitoring Officer to obtain the approval to write off debts up to £15,000
- To seek Member approval to write off debts in excess of £15,000.

Debtors

- To notify the S151 Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the S151 Officer.
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28 Procurement

28.1 *Why this is important*

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 from their resources and Authority procedures should help to ensure that services obtain value for money from their procurement arrangements. These regulations should be read in conjunction with the Authority's Procurement Policy and Contract Standing Orders. The Finance Team issues Managers with detailed procedural guidance on properly administering the ordering and payment process.

28.2 *General – Declarations of Interest*

Every Officer and Member 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.

28.3 *General - Orders*

- Official orders must be in a form approved by the S151 Officer.
- Official orders must follow procedures issued by the Finance Team
- 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 or other exceptions specified by the S151 Officer
- Official orders must conform to any Authority guidelines, for example on collaborative purchasing and any standardisation of supplies and materials.

28.4 *General - Payments*

- Apart from petty cash and other payments from advance accounts, the normal method of payment from the Authority shall be by BACS on the Authority's bank account by the S151 Officer.
- Procurement cards can also be used to make purchases and are to be used where possible in preference to petty cash payments
- The use of direct debits requires authorisation by an Officer in accordance with the bank mandate.
- Official orders must not be raised for personal or private purchases
- Personal or private use of Authority contracts is not permitted

28.5 *General – Procurement Cards*

- Wherever possible, subject to the monthly limit of each card, smaller payments for goods and services should be made by procurement card.
- Procurement cards must not be used for any purpose other than official Authority business.
- A VAT receipt must be obtained for each transaction and submitted to the Finance Team by the required deadline
- Lost or stolen cards must be reported to the card provider and the Finance Team immediately.
- Card transaction details must be supplied by the required deadline each month using the process stipulated by the Finance Team.

28.6 *General – Electronic Payments*

- Procurement cards may be used for online business purchases.
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- If no VAT receipt can be printed, one must be requested from the supplier using whatever facility is made available by the supplier.

28.7 **General – Income Received via the Internet**

- Incoming payments must be reconciled to the main bank account and to the appropriate budget codes.

28.8 **Key controls**

The key controls for ordering and paying for work, goods and services are:

- (a) Members approve the Authority's Financial Regulations, Contract Standing Orders and procurement policies
- (b) all goods and services are ordered only by appropriate persons and are correctly recorded
- (c) all external goods and services are ordered in accordance with the Authority's Procurement Policy and Contract Standing Orders
- (d) records of contracts are contained in the contracts register
- (e) goods and services received are checked to ensure they match the order.
- (f) all invoices are authorised by a different person from that raising the order and goods receiving. The same person may raise an order and goods receive it.
- (g) payments are not made unless goods have been received by the Authority to the correct price, quantity and quality standards
- (h) all payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method
- (i) all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the [Data Retention and Information Management Policy](#) as varied from time to time.
- (j) all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected
- (k) in addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

28.9 **Responsibilities of Members**

- To set the scheme of delegation for effective procurement in the Authority's Contract Standing Orders, taking advice from the Monitoring Officer and the S151 Officer.
- To determine the Authority's Financial Regulations and Contract Standing Orders.

28.10 **Responsibilities of the S151 Officer**

- To ensure that all the Authority's financial systems and procedures are sound and properly administered.
 - To gain assurance that appropriate Contract Standing Orders are in place as specified by the Authority solicitor and approved by Members which will cover as a minimum:
 - (a) authorised Officers and the extent of their Authority
 - (b) advertisement for tenders
 - (c) procedure for creating, maintaining and revising a standard list of contractors
 - (d) selection of tenderers
 - (e) compliance with all relevant legislation and regulations
 - (f) procedures for the submission, receipt, opening and recording of tenders
 - (g) the circumstances where financial or technical evaluation is necessary
 - (h) procedures for negotiation
 - (i) acceptance of tenders
 - (j) the form of contract documentation
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- (k) cancellation clauses in the event of corruption or bribery
- (l) contract records.
- To approve any new systems or changes to existing financial systems before they are introduced.
- To approve the form of official orders and associated terms and conditions.
- To ensure appropriate and effective payment systems are in place at the Authority with effective controls to safeguard the Authority's resources.

- To make payments from the Authority's funds on the Manager's authorisation that the expenditure has been duly incurred in accordance with financial regulations and the goods or services have been received.
- To advise Managers where invoices are not a proper VAT invoice and should not be paid
- To 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.
- To make payments on account to contractors on the certificate of the appropriate Manager, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- To promote making payments by the most economical means.
- To 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.
- To ensure that payments are not made on a photocopied or faxed invoice, statement or other document other than the formal invoice.

28.12 **Responsibilities of Managers**

Best Value

- Managers are responsible for demonstrating that best value has been obtained from their procurement decisions.
- To take appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the best practice guidelines issued by the S151 Officer and the principles and contained in the Authority's Procurement Policy and Contract Standing Orders.
- Using collaborative procurement contracts where possible to minimise processing time for Officers and to maximise price benefits
- To encourage suppliers of goods and services to receive payment by the most economical means for the Authority.
- To ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the S151 Officer. This is to protect the Authority against entering into unapproved credit arrangements and to ensure that value for money is obtained.

Proper Structures

- To ensure that two authorised Officers are involved in the ordering, receiving and payment process.
- As a minimum, a different Officer from the person goods receiving/certifying an invoice should authorise the invoice.
- To ensure that the team maintains and reviews periodically a list of Officers approved to authorise orders and invoices. Names of authorising Officers together with specimen signatures and details of the limits of their Authority must be forwarded to the Finance Team
- To ensure that employees are aware of their responsibilities in the Code of Conduct

Orders

- To ensure that official orders are used for all goods and services, other than the exceptions specified in 28.3.
- To ensure that official orders are only used for goods and services provided for the Authority (never for private use).
- To ensure orders are only raised by Officers who are authorised to do so
- To maintain an up-to-date list of authorised Officers, including specimen signatures identifying in each case the limits of their Authority.
- The Officer authorising 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 in line with Contract Standing Orders.

Goods Receipting

- To ensure that goods and services are checked on receipt to verify that they are in accordance with details and prices on the order. This can be undertaken by the person raising the order, but not by the person authorising the invoice.
- Entries should be made in inventories or stores records, as appropriate, once goods are received.

Payment of Invoices

- All invoices must be authorised by a different person than he/she who raised the order and goods receipted.
- To ensure that invoices are not authorised for payment unless a proper VAT invoice has been received, checked, coded and certified for payment, confirming:
 - (a) receipt of goods or services
 - (b) that the invoice has not previously been paid
 - (c) that expenditure has been properly incurred and is within budget provision
 - (d) that prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices
 - (e) correct accounting treatment of tax
 - (f) that the invoice is correctly coded
 - (g) that discounts have been taken where available
 - (h) that appropriate entries will be made in accounting records.
- All payments by direct debit have the prior approval of the S151 Officer
- To ensure that all appropriate payment records are retained and stored for the defined period, in accordance with the Authority's Data Retention and Information Management Policy, as varied from time to time.

Creditors

- To notify the Finance Team of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the S151 Officer

Other Payments

- To notify the S151 Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- For contracts for construction, alterations to buildings and civil engineering works, to document and agree with the S151 Officer the financial systems and procedures to be adopted including;
 - certification of interim and final payments
 - checking, recording and authorising of payments
 - the system for monitoring and controlling capital schemes
 - the procedures for validation of a subcontractors' tax status
 - valuation of work completed at 31 March in each financial year.

29.1 **Why this is important**

Employee costs are the largest item of expenditure for the Authority. All payments to Officers, Members and Volunteers, must be accurate, timely, made only where they are due for services to the Authority, and in accordance with an individual's contract. Payments must be properly recorded and accounted for.

29.2 **Key controls**

The key controls for payments to Officers, Members and Volunteers are:

- (a) proper authorisation procedures are in place and relevant payments are made only on the basis of Authority terms and conditions, authorised timesheets or claims.
- (b) there is adherence to corporate timetables, in relation to starters, leavers, variations and enhancements
- (c) frequent reconciliation of payroll expenditure against approved budgets and bank accounts
- (d) all appropriate payroll documents are retained and stored for the defined period in accordance with the Authority's Data Retention and Information Management Policy, as varied from time to time.
- (e) that Inland Revenue regulations are complied with.

29.3 **Responsibilities of the S151 Officer**

- In liaison with the Head of People and Organisational Development, to confirm the appropriate pay scales, allowances and pension contribution levels to be implemented in each financial year.
- To ensure robust procedures are in place for payments to Staff, Members and Volunteers
- To arrange and control the secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, Members and Volunteers in accordance with prescribed procedures on the due date.
- To record and make arrangements for the accurate and timely payment of tax, pension contributions and other deductions.
- To make arrangements for the payment of all claims and allowances upon receiving the prescribed forms (where appropriate), duly completed and authorised.
- To promote the secure payment of salaries and wages by the most economical means.
- To ensure there are adequate arrangements for administering pension and payroll matters on a day-to-day basis.
- To ensure there is a procedure for maintaining appropriate authorisation of all claims for expenses.

29.5 **Responsibilities of Managers**

Appointments and Contracts

- To ensure appointments are made in accordance with Authority policies and only to approved establishment posts, grades and pay scales
 - To ensure there is adequate budgetary provision before appointment
 - To notify the Head of People and Organisational Development of all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, in the form and to the timescales required jointly by the S151 Officer and the Head of People and Organisational Development.
 - To follow proper procedures for the appointment of self-employed individuals, consultants and subcontractors. HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Finance Team.
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Payments to Employees, Members and Volunteers

- To ensure that systems and procedures are operated, so that:
 - (a) payments are only authorised to bona fide workers
 - (b) payments are only made where there is a valid entitlement
 - (c) conditions and contracts of employment are correctly applied
 - (d) Officers' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- To arrange sound timesheet validation procedures, in consultation with the Finance and HR Teams, that ensure all payments to Officers, Members and Volunteers are a valid entitlement, in accordance with their contractual terms and are an operational requirement.
- To notify the HR Team of changes to authorised Officers for the purposes of digital authorisation of expenses claims.
- To ensure that payroll transactions are processed only through the payroll system.
- To authorise travel and subsistence claims and other allowances. Authorisation 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 S151 Officer is informed where appropriate.
- To ensure that the Finance Team is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the Data Retention and Information Management Policy.

29.6 Responsibilities of Members and Volunteers

- To submit accurate allowance claims on a monthly basis and, in any event, within one month of the year end.

30 Taxation

30.1 Why this is important

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. The main areas of taxation affecting the Authority are VAT and PAYE.

30.2 Key controls

The key controls for taxation are:

- (a) Managers are provided with relevant information and kept up to date on tax issues
- (b) Managers are instructed on required record keeping
- (c) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- (d) records are maintained in accordance with instructions
- (e) accurate returns are made to the authorities within the stipulated timescale.

30.3 Responsibilities of Members

- To consider and respond to taxation advice presented by the Director of Visitor Services and Resources or Government tax inspection bodies
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30.4 **Responsibilities of the S151 Officer**

- To ensure arrangements are in place for the timely and accurate completion of all tax related returns
- To secure appropriate professional taxation advice for Members and Officers.

- To ensure accurate and timely completion of all required tax returns
- To maintain up-to-date guidance for Authority employees on taxation issues

30.6 **Responsibilities of Managers**

- To ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HMRC regulations.
- To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Tax Deduction requirements.
- To ensure that all persons employed by the Authority are added to the payroll and tax deducted from any payments - except where the individuals are bona fide self-employed or employed through a recognised Officers agency.
- To follow the guidance on taxation issued by the S151 Officer

31 **Trading Accounts and Business Units**

31.1 **Why this is important**

Trading accounts and business units are important where the Authority undertakes work on a commercial basis, internally or externally. Under best value regulations, authorities are required to keep trading accounts for services provided on a basis other than a straightforward recharge of cost. They are also required to disclose the results of significant trading operations in the Statement of Accounts.

31.2 **Responsibilities of Members**

- To approve the setting up or disbursement of trading functions of the Authority

31.3 **Responsibilities of the S151 Officer**

- To advise on the establishment and operation of trading accounts and business units and the most appropriate financial arrangements.
- To ensure that the same corporate accounting principles and policies are applied in relation to trading accounts and business units as for other services of the Authority.

31.5 **Responsibilities of Managers**

- To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged.
 - To produce an annual report in support of the final accounts (where applicable).
 - To ensure that the Authority's accounting principles and policies are applied in relation to trading accounts and business units.
 - To ensure that each business unit prepares an annual business plan.
 - To consult with the S151 Officer where a business unit wishes to enter into a contract with a third party where the contract expiry date exceeds the remaining life of their main contract with the Authority. In general, such contracts should not be entered into unless they can be terminated within the main contract period without penalty.
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3. Financial Regulations – Detailed Responsibilities

EXTERNAL ARRANGEMENTS

32 Partnerships

32.1 *Why this is important*

Partnerships play a key role in delivering the Vision for the National Park. The Authority works in partnership with others – public agencies, private companies, charitable entities, community groups and voluntary organisations. It plays a key leadership role in bringing together the contributions of the various stakeholders to deliver the Vision for the National Park. This Authority will bid for funds, mobilise investment, champion the needs of the Park and harness the energies of local people, partners and community organisations. We know we will be measured by what we achieve in partnership with others.

32.2 *General*

The main reasons for entering into a partnership are:

- (a) to provide new and better ways of delivering services, and achieving strategic outcomes for the National Park
- (b) to harness the ability to access new resources for the National Park and to use existing resources more efficiently
- (c) to find new ways to share risk
- (d) to forge new relationships.

A partner is defined as either:

- (a) an organisation 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.

Partners participate in projects by:

- (a) acting as a project deliverer or sponsor, solely or with others
- (b) acting as a project funder or part funder
- (c) being the beneficiary group of the activity undertaken in a project.

Partners have common responsibilities:

- (a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
- (b) to act in good faith at all times and in the best interests of the partnership's aims and objectives
- (c) be open about any conflict of interests that might arise
- (d) to encourage joint working and promote the sharing of information, resources and skills between parties
- (e) to maintain confidentiality of all partnership information, activities or duties that is of a confidential or commercially sensitive nature
- (f) to act wherever possible as ambassadors for the project.

32.3 *Key controls*

The key controls for the Authority working in partnership are:

- (a) to ensure Authority participation in partnerships have appropriate authorisation
 - (a) to ensure that all parties are aware of their responsibilities under the Authority's financial regulations and Contract Standing Orders
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- (b) to ensure that risk management processes are in place to identify and assess all partnership risks, liabilities and benefits
- (c) to ensure project appraisal processes are in place to assess the viability of a project in terms of resources, Officer time and expertise, and sustainability (or exit strategy, as appropriate)
- (d) to agree and accept formally the roles and responsibilities of each of the partners involved in a project before commencement
- (e) to ensure sufficient financial resources and management permissions are put in place prior to the commencement of a partnership project
- (f) to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
- (g) to obtain Authority approval for the Authority to act as an accountable body for a partnership project with funding in excess of £500,000

32.4 Responsibilities of Members

- To approve all Partnerships requiring Member involvement
- To review the effectiveness of Authority partnerships to ensure that scarce resources are used to deliver the Vision for the National Park
- To set in place a framework of appropriate partnership delegation to Officers
- To consider and respond to reports from the S151 Officer and Monitoring Officer where proposed partnership arrangements expose the Authority to unacceptable levels of risks or inadequate financial control

32.5 Responsibilities of the S151 Officer

Partnerships - General

- To advise on effective controls that will ensure that resources are not wasted.
- To advise Officers and Members in developing the business case for the funding of partnership projects. They include:
 - (a) a scheme appraisal for financial viability in both the current and future years
 - (b) risk appraisal and management
 - (c) resourcing, including taxation issues
 - (d) audit, security and control requirements
 - (e) carry-forward arrangements.
- To ensure that partnership accounting arrangements are the same as the Authority's own high standards for partnership arrangements where the Authority is the accountable body.
- To advise Officers and Members on the financial arrangements required for partnerships where a partner organisation is the accountable body - taking into account the risks to this Authority and our reasonable degree of influence.
- To seek Authority approval where the Authority is proposed to act as the accountable body for individual partnership schemes in excess of £500,000.
- To report to Members, in conjunction with the Monitoring Officer, where proposed partnership arrangements give the Authority unacceptable levels of risk or inadequate financial control.

Contracts

- To ensure there is a register of contracts entered into with external bodies as notified by Managers.

32.7 Responsibilities of the Monitoring Officer

- To report to Members in conjunction with the S151 Officer where proposed arrangements give the Authority unacceptable levels of risk or inadequate financial control.

32.8 **Responsibilities of Managers**

Partnerships – General

- To ensure that, before entering into agreements with external bodies, a risk management appraisal has been prepared and shared with the relevant Director, S151 Officer and Authority Solicitor.
- To ensure that partnership arrangements do not impact adversely upon the services provided by the Authority.
- To ensure that all partnership agreements and arrangements are properly documented, to include where possible (and applicable);
 - partnership objectives,
 - financial agreements between parties
 - partnership success measures and performance criteria for all parties
 - extent of liabilities for all parties
 - sharing of risk and responsibilities between all parties
 - partnership (or individual) termination criteria,
- To consult with the S151 Officer and Authority solicitor on the proposed financial and governance arrangements for partnerships and the potential risks
- To secure Senior Leadership Team agreement for the Authority to act as an accountable body and to seek Member approval where the total individual scheme is in excess of £500,000.

Contracts

- To maintain up to date and accurate entries in the Authority's contracts register for all contracts in their area of responsibility.
- To ensure all contracts are properly documented and stored securely
- To ensure contracts are clear in terms of pricing, service quality, payment terms, liabilities for both parties, risk factors, performance factors
- To ensure proper arrangements are in place for monitoring and dealing with contractor compliance, contract specifications and overall contract performance
- To notify the Finance Team of the need to withhold payment where necessary due to contractor failure
- To provide appropriate information to the S151 Officer to enable a note to be entered into the Authority's Statement of Accounts concerning material items.

33 **External Funding**

33.1 **Why this is important**

External funding is an important source of income for the Authority, but funding conditions need to be carefully considered to ensure that they are compatible with our aims and objectives, and can be delivered. Funds from external agencies can provide valuable additional resources to help the Authority meet its objectives in delivering the Vision for the National Park, and it is important that funding achieved is directly related to these aims.

33.2 **Key controls**

The key controls for external funding are:

- (a) to ensure that key funding conditions and any statutory requirements are complied with and that our responsibilities in receipt of funding are clearly understood
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- (b) to ensure that funds are acquired only to meet the priorities approved in the Business Plan and Vision for the National Park
- (c) to ensure that any match-funding requirements are given due consideration prior to entering into agreements and that current and future revenue budgets reflect these requirements.

33.3 **Responsibilities of Members**

- To approve the governance arrangements for the bidding and accounting for externally funded projects
- To approve in principle proposed bids to external agencies for additional funding.

33.4 **Responsibilities of the S151 Officer**

- To ensure proper accounting arrangements are in place for external funding.
- To consider the availability of match funding to allow Managers to understand the availability of Authority resources prior to submitting an application for funds
- To ensure that all funding notified by external bodies is received and properly recorded in the Authority's accounts, and that corresponding expenditure is properly recorded.
- To ensure match funding requirements of approved bids are reflected in the budget projections of the Authority
- To ensure that audit requirements notified to the Finance Team are met.

33.6 **Responsibilities of Managers**

- To ensure that all claims for funds are made by the due date.
- To ensure that match-funding requirements are fully considered prior to entering into agreements and that (having consulted with the S151 Officer) future revenue resources can meet these requirements.
- To ensure match-funding requirements of approved funding streams are reflected in current year budgets and medium term budget projections.
- To ensure that the project progresses in accordance with the agreed project criteria and that all expenditure is properly incurred and recorded.
- To ensure that audit requirements are met.

34 **Work for Third Parties**

34.1 **Why this is important**

Current legislation enables the Authority to provide a range of services to other bodies. Such work may enable a team to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that third party work is subject to legal compliance and any risks associated with this work are minimised.

34.2 **Key controls**

The key controls for working with third parties are:

- (a) to ensure that proposals are costed properly in accordance with guidance provided by the S151 Officer
- (b) to ensure that contracts are drawn up using guidance provided by the S151 Officer and Authority Solicitor and a formal approval process is adhered to
- (c) to issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.
- (d) to obtain Authority for new work for third parties exceeding £200,000

34.3 **Responsibilities of Members**

- To consider all Officer proposals for work for third parties in excess of £200,000.

34.4 Responsibilities of S151 Officer

- To provide guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

34.5 Responsibilities of the Authority Solicitor

- To provide guidance with regard to the maintenance of the contract register.

34.6 Responsibilities of Managers

- To ensure that Authority approval is obtained before any negotiations are concluded to work for third parties valued in excess of £200,000.
 - To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Authority Solicitor.
 - To ensure that appropriate insurance arrangements are made.
 - To ensure that the Authority is not put at risk from any bad debts.
 - To ensure that no contract is subsidised by the Authority.
 - To ensure that, wherever possible, payment is received in advance of the delivery of the service.
 - To ensure that the team has the appropriate expertise to undertake the contract.
 - To ensure that such contracts do not impact adversely upon the services provided for the Authority.
 - To ensure that all contracts are properly documented.
 - To provide appropriate information to the S151 Officer to enable a note to be entered into the Statement of Accounts.
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4 GLOSSARY OF TERMS

Accounting Policies	The accounting rules we put in place to treat all accounting transactions in accordance with professional standards and best practice.
Authorise	To confirm payment of an invoice from an Authority budget. An Authorising Officer confirms the invoice is appropriate, goods have been received and funds should be released for payment from a specified code on the financial system
Authority	The body corporate established by section 63 of the Environment Act 1995 and included Members, Directors, Officers and Volunteers. Strategies, Plans and Policies are referred to as belonging to the Authority when they have been approved by the Committee or Officer with delegated authority to adopt such Strategies, Plans and Policies under the term of the Scheme of Delegation.
BACS	The Bank Automated Clearing Service (BACS) is the system used by banks to provide electronic payments directly into bank accounts
Borrowing	The raising of loan funding to finance the capital programme or to cover temporary cash shortfalls.
Budget	The income and spending plan for the Authority
Budget Format	The presentation (including the level of detail) of the income and spending plan for the Authority.
Business Unit	Services that would be provided internally by the Authority on a competitive basis, having gone through an external tender process for the service. Examples in other local authorities include internal cleaning services and grounds maintenance services. There are currently no formal Business Units operating at the Authority.
Capital	Spending over £10,000 on acquiring or enhancing our assets.
Capital Programme	The sum of all the approved capital spending projects of the Authority.
CIPFA	The Chartered Institute of Public Finance and Accountancy (CIPFA). This organisation is the public sector professional accountancy body. It sets regulation and best practice guidance taking into account UK and international accounting standards.
Committee	A group of Members with formal delegated decision making powers from Authority.
Depreciation	The accounting entries to reflect the consumption or writing down of the value of an asset over its expected useful life.
DEFRA	Department for the Environment, Food and Rural Affairs, the Authority's sponsoring body
Directors	The Senior Managers of the Authority. There are 2 Directors at the Lake District National Park Authority
Disposal	The sale of an asset from the Authority because it is no longer required, obsolete to us or uneconomic to repair.
Senior Leadership Team	The senior Officer decision making group, comprised of the Chief Executive, Directors, Service Heads and Authority Solicitor.

External Audit	The statutory auditors appointed by Public Sector Audit Appointments Ltd. External Auditors undertake various pieces of statutory and regulatory work such as the verification of the Statement of Accounts and the judgement on whether the Authority offers value for money.
Fidelity Guarantee	Insurance that covers the Authority for the financial consequences of a Member of Officers acting fraudulently or dishonestly.
Financial Framework	The full scheme of financial guidance in the Authority including; financial regulations, contract Standing Orders, procedural guidance and financial policies.
Financial Grant Memorandum	The terms of our major source of Government Funding from DEFRA – the National Park Grant
Fixed Asset	A fixed asset (often shortened to be simply - asset) is an item purchased in support of the business that has a useful life of more than one year and a purchase price of at least £10,000. Fixed assets normally include items such as land and buildings, plant, machinery, equipment, vehicles and some computer equipment.
Goods Receive	To confirm that goods have been received from a supplier, in the correct quantity and quality and at the correct price.
Grant	Funding from other bodies to support the work of the Authority. It can also be funds offered by the Authority to other organisations or individuals to support their work and further the objectives of the Authority
Imprest Accounts	Small cash holdings on Authority premises to allow Officers to make small payments in the running of the Authority's business.
Internal Audit	The auditors appointed by the Authority to undertake detailed internal systems testing and to test key financial and performance risks in the Authority.
Internal Control	The procedures and processes in place to ensure the Authority has sound governance arrangements and which minimise potential exposure to fraud and corruption
Investments	The deposit of surplus cash assets into interest bearing accounts or loans to approved organisations
Leasing	A method of procuring assets or equipment that allows costs to be charged to the revenue account over the life of the asset or the term of the lease.
Medium Term Financial Strategy	The plan of how resources will be utilised to support the Authority's 3 year Business Plan
Managers	Those Officers who have line management duties within their contract of employment.
Members	The elected and appointed Members of the Authority who are responsible for the overall direction and control of the organisation
National Park Officer	The Chief Executive Officer of the Authority
Net Cost	The cost to the Authority after relevant income has been taken into account.
Officer	An individual employed by the Authority
Order	The official notification to suppliers of the request for goods or services from their business. This can be raised

	electronically, on the financial system or in paper form using official Authority order books
Petty Cash	Small cash payments made from Imprest Accounts held on Authority premises (see Imprest Accounts)
Provision	Money the Authority has set aside to fund known liabilities that are certain to occur but for which the timing of the payment is uncertain
Prudential Code	The “Prudential Code for Capital Finance in Local Authorities” is referred to as the Prudential Code. This is a publication by CIPFA which sets out a number of financial indicators that must be prepared before the start of a financial year. The Authority has a statutory obligation to comply with the Code as it constitutes “proper practice” under the Local Government Act 2003.
Prudential Indicators	The suite of indicators required under the Prudential Code that must be prepared before the start of the financial year to set the parameters for capital spending, borrowing, financing and treasury management
Reserve	Money the Authority has set aside to mitigate against financial risks and liabilities. Reserves can be for general purposes to fund exceptional cost pressures and risks as they arise – or specific reserves set aside to fund particular issues.
Resource Allocation	The process of considering where to place resources to ensure that organisational priorities are met
Retention Schedule	The length of time for which different documents should be maintained by the Authority
Revenue	The day to day spending of the Authority, such as the payment of salaries and payments to suppliers.
Audit	The process of examining
SeRCOP	CIPFA code of practice on classifying expenditure and application of full costing of front line delivery.
Statement of Accounts	The annual statement of the overall financial position of the Authority at the end of a financial year. There is a statutory requirement for approval by the 30 June each year and for publication by 30 September
Statutory Officers	The Officers of the Authority who are required by Law. These are: the National Park Officer as the Authority’s Chief Executive Officer; the Head of Paid Service, the person with responsibility for the management of the workforce (these 2 roles are combined at the LDNPA); the Section 151 Officer, the person with responsibility to manage the Authority’s financial affairs, and the Monitoring Officer, the person with responsibility to ensure the Authority conducts itself and its business in accordance with the law.
Third parties	Organisations that provide services on our behalf. Examples include grants made to external bodies as part of the Sustainable Development Fund We also provide services as a third party to Cumbria County Council for the delivery of some of their Rights of Way responsibilities

Trade-in	The sale of an asset to a company with the intention of reducing the net cost of buying a replacement asset
Trading Account	The recording of income and expenditure separately for internal services that are provided on a competitive basis for the Authority. There are currently no live examples in the Authority
Treasury Management	CIPFA defines treasury management as: <i>“the management of the local authority’s cash flows, its banking, money markets and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”</i> For this Authority, it is primarily about managing risks in our daily cash flow management– and maximising returns that are consistent with those risks.
Treasury Management Strategy	The annual document that outlines how treasury management activities will take place at the Authority for the forthcoming year, taking account of financial conditions and market expectations.
Treasury Policy Statement	The Authority’s policy on Treasury Management Activity
Trust funds	Funds that we hold on behalf of other organisations or individuals. At present there are no such funds in the Authority
Useful Life	The period for which an asset can reasonably be expected to be used to support the business of the Authority
Virement	The movement of budgets from one heading to another during a financial year.
Write-off	The removal of an asset from the Authority’s accounting records. This may be because an asset’s sale value is less than the value held in our accounting records, or because the asset is lost, stolen or missing and is therefore no longer an asset in the useful ownership of the Authority.
Year end balances	The sums underspent and overspent at the end of a financial year for which Members must consider the most appropriate usage.

Version	Author	Revised	Changes
v.1 Original	Kerry Powell	1/04/2022	
v.2	Jane Fretwell	24/03/2023	To reflect changes in personnel and virement limits
v.3	Peter Notley	Authority on 18/09/2025	To reflect changes in the Authority’s structure and changes in personnel and to remove duplication and overlap