

FINANCIAL REGULATIONS

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PART A - INTRODUCTION

1. Scope of these Regulations

- (a) This document summarises the Authority's Financial Regulations. All members and staff have a responsibility for resources under their control, ensuring that the use is legal, appropriately authorised, offers value for money and best value.
- (b) These Financial Regulations set out how the London Fire and Emergency Planning Authority (the Authority) meets its statutory responsibilities in relation to the administration of its financial affairs.
- (c) All staff in the Authority who have responsibility for financial management or who have control of budgets are to adhere to these Regulations and supporting financial instructions such as the closing of accounts guidance.

2. Financial Management Responsibilities

- (a) The Director of Finance and Contractual Services has responsibility for the administration of the Authority's financial affairs, under Section 127 of the Greater London Authority Act 1999, and is required to ensure that arrangements are made by Heads of Department for all financial and accounting matters and the security of money and other assets are economic, efficient and effective.
- (b) The Director of Finance and Contractual Services is also required to:
 - set and monitor compliance with financial management standards;
 - advise on the corporate financial position and on the key financial controls necessary to secure sound financial management;
 - provide financial information;
 - prepare the revenue budget and capital programme;
 - carry out treasury management and;
 - prepare the Authority's statutory final accounts and accounting returns.
- (c) Heads of Department are to consult with the Director of Finance and Contractual Services on issuing financial instructions and making arrangements as necessary.
- (d) All financial systems, methods, records and controls are to be agreed with the Director of Finance and Contractual Services. The Director of Finance and Contractual Services reports to the Authority or one of its committees not less frequently than once a year on the effectiveness of the financial administration.

TIP: In acting in accordance with these Financial Regulations, you should also be aware of other internal regulatory documents as set out below.

- Standing Orders, which set out the arrangements for meetings, the Authority's general delegation arrangements and other general and financial provisions
- The code of practice on Disposal of Land
- The code of practice on Sponsorship
- The code of practice on Tenders and Contracts
- Officers delegated authorities

You can find a link to these documents here:

<http://www.london-fire.gov.uk/LFEPAPublications.asp>

The Authority agrees terms of reference for committees at its reconstitution meeting in June. Following this, these documents may be updated, so you should check that you are using the latest version.

PART B: FINANCIAL PLANNING, MONITORING AND CONTROL

3. Budget process

- (a) The Mayor is responsible for setting a consolidated budget and council tax requirement for the GLA and functional bodies, subject to scrutiny by the London Assembly who can amend the budget if two thirds of members voting, vote for it. As part of this process, the Mayor, having consulted the Authority, sets the component budget and council tax requirement for LFEPA. LFEPA can vary its final spending and funding plans as long as they balance to the overall funding which the Mayor intends to provide to LFEPA for the following year.

4. Budget timetable

- (a) LFEPA's budget cycle is timed so as to feed into the Mayor's Budget Cycle. The Authority receives budget guidance from the Mayor in the early summer, setting out the financial envelope within which it should prepare its budget plans for the following financial years and Mayoral priorities that should be taken into account in making a budget submission to the Mayor. The Mayor's consolidated budget must be considered by the Assembly in January and February and must be set by the end of February. The Authority then sets its detailed budget for the following financial year in March in line with the overall funding level set by the Mayor.

5. Revenue budgets

- (a) The Authority is responsible for management of the approved budgets, Heads of Department are required to :
- advise the Authority and its committees of the financial implications of all proposals (as previously agreed by the Director of Finance and Contractual Services);
 - advise the Director of Finance and Contractual Services on variations and take action to avoid exceeding their budget allocation;
 - consult with the Director of Finance and Contractual Services on issuing instructions for all financial and accounting matters and the security of money and other assets;
 - agree in year virements (transfers of budget) within delegated limits (in consultation with the Director of Finance and Contractual Services).

6. Capital Budgets

- (a) The Director of Finance and Contractual Services prepares the medium term capital programme and annual capital estimate and presents this for approval by the Authority as part of a November budget submission to the Mayor and in the final budget report.
- (b) The Mayor is responsible for preparing an annual capital spending plan and for determining how much the Authority can afford to borrow, after first consulting the Assembly and the Authority.

The Mayor is also responsible for setting the Authority's Prudential Authorised and Operational limits for external borrowing in line with the CIPFA Prudential Code.

7. Reserves

- (a) To meet the requirement of the Local Government Act 2003 in respect of adequacy of reserves and to demonstrate compliance with the guidance on local authority reserves and balances issued by The Chartered Institute of Public Finance and Accountancy (CIPFA) , the GLA and the functional bodies must provide:
- a statement of reserve policy;
 - details of all reserves and general balances;
 - an analysis and explanation of the expected movements between the start and end of each financial year ;
 - medium term forecast;
 - in the case of earmarked reserves held for purposes beyond a three year period, an indication should be given as to when they are likely to be applied; and
 - proposed allowances for contingencies separately identified and justified.
- (b) In support of the detailed statement on the adequacy of reserves, the corporate and departmental financial risk assessment is refreshed annually. It tests the robustness of the current assessment of adequacy of reserves against the Authority's established and audited risk management arrangements by carrying out an evaluation of the potential financial impact of each of the relevant corporate and departmental risks materialising and assessing this against the likelihood of this given the control measures that are in place.

8. Budget Monitoring

- (a) The Director of Finance and Contractual Services is responsible for providing appropriate financial information to enable budgets to be monitored effectively.
- (b) Each Head of Department is to sign off the budget delegated to them and it is their responsibility to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Director of Finance and Contractual Services.
- (c) Heads of Department may, after consultation with the Director of Finance and Contractual Services, nominate a Budget Manager or Managers to perform the day to day work to support this duty, but responsibility remains with the Head of Department.
- (d) At least once a month the Director of Finance and Contractual Services will produce budgetary control reports and circulate them to Heads of Department and, where appropriate, Budget Managers with a list of specific variances that require explanation. These explanations and a full year forecast of income and expenditure are to be prepared and submitted within agreed timetables.

- (e) Heads of Department are required to continually monitor and control the budgets throughout the financial year (income, expenditure and performance):
- forecast out-turn and report on all variances at thresholds set by the Director of Finance and Contractual Services to the Director of Finance and Contractual Services;
 - advise of any action to be taken to contain under or over spends; and
 - review outstanding orders and the forecast position on agency payments to the end of the year.
- (f) Heads of Department are required to advise the Director of Finance and Contractual Services of the financial impact of the long term forecasts (Medium Term Financial Strategy) for income and expenditure for each of the activities being undertaken.
- (g) Following consultation with the relevant officers, the Director of Finance and Contractual Services will present budget monitoring reports to the relevant committee regularly.

9. Virements (Transfers of Budget)

- (a) Virements enable the Director of Finance and Contractual Services, Heads of Department and their staff to manage budgets with a degree of flexibility.
- (b) A virement is the transfer of a budget that is not committed to be spent and is permissible:

	<i>From</i>	<i>To</i>
1.	revenue budget	revenue budget
2.	revenue budget	capital budget
3.	capital budget	capital budget

- (c) A virement is **not** permissible:

	<i>From</i>	<i>To</i>
1.	capital budget	revenue budget

- (d) With the agreement of the Director of Finance and Contractual Services a Head of Department may transfer up to £50,000 between the budget heads approved by Authority in the March Budget Report, within that department's approved budget.
- (e) With the agreement of the Director of Finance and Contractual Services, the Commissioner, the Directors and the Head of Legal and Democratic Services may transfer up to £125,000 between budget heads within that department's approved budget.

- (f) With the agreement of the Director of Finance and Contractual Services, a head of department may transfer up to £50,000 from a budget head within that department's approved budget to a budget head within another department's approved budget, but if those budget heads are in different Directorates the agreement of the appropriate Director or the Commissioner is also required.
- (g) With the agreement of the Director of Finance and Contractual Services, the Commissioner, the Directors and the Head of Legal and Democratic Services may transfer up to £125,000 from a budget head within that department's approved budget to a budget head within another department's approved budget.
- (h) The Director of Finance and Contractual Services shall report all transfers under (f) and (g) to the relevant committee as part of the quarterly monitoring reports.

TIP: You should also check spending limits for non routine expenditure as set out in Standing Orders.

A virement is also permissible to gross up income and expenditure budgets to reflect the in-year receipt of income.

10. Carry forward of year-end balances - Revenue Budgets

- (a) Carry forward of unspent budget between accounting years for revenue budgets is permitted only with the approval by Members and needs to be sought in the March budget report.

11. Capital Budgets

- (a) A programme contingency equal to approximately 10% of the total capital programme is approved as part of the overall capital programme. Project managers are able to draw down funding from this budget, up to a maximum of 10% of their approved project budget, following completion and approval of a contingency bid form.
- (b) Approval of the contingency bids is delegated to the Director of Finance and Contractual Services.
- (c) Spend against the contingency budget will be monitored on a monthly basis and reported to members as part of the quarterly financial performance report. It will also be reviewed quarterly by the Capital Planning and Strategy meeting (CAPPS) to be chaired by the Director of Finance and Contractual Services.
- (d) Underspends identified against specific projects during the year will be transferred to the programme contingency and the project budget reduced. The CAPPS group will then approve the reallocation of this funding to other projects under existing delegated authorities for capital expenditure.
- (e) The Asset Management Plan will be used to generate a 'reserve' list of projects that may be progressed should surplus funding be identified in the year.

- (f) Separate end of year procedure notes outlining the accounting guidelines will be provided annually to Heads of Department by the Director of Finance and Contractual Services.

TIP: You should also check spending limits for capital as set out in Standing Orders.

12. Accounting Records

- (a) The Director of Finance and Contractual Services maintains correct accounting records to ensure that the Authority meets its obligation to manage public resources. To achieve this the Director of Finance and Contractual Services is required by the Accounts and Audit Regulations 2011 to :
- Develop the accounting procedures and records for the Authority;
 - Arrange for the collation of all accounts and accounting records;
 - Make arrangements for the audit of the Authority's accounts and ensure all claims for funds including grants are made by the due date;
 - Prepare and publish the audited accounts of the Authority for each financial year and ensure the Authority approves the statement of accounts before 30 September; and
 - Retain all financial documents in accordance with the requirements set out in the Authority's document retention schedule (see table below).
- (b) The Director of Finance and Contractual Services is responsible for the preparation of the Authority's statement of accounts. The statement of accounts is required to ensure that the financial position correctly reflects the Authority's income and expenditure, correct accounting records are maintained, suitable accounting policies are selected and applied and systems of internal control are in place.
- (c) Separate end of year procedure notes outlining the accounting guidelines will be provided annually to Heads of Department by the Director of Finance and Contractual Services.
- (i) The Director of Finance and Contractual Services is responsible for the completion, in a timely manner, of all statutory accounting returns.
- (j) The table below sets out how long financial records are to be kept.

Table 1: Financial Records Retention Schedule

<i>Document</i>	<i>Medium</i>	<i>Office Retention</i>	<i>Records Centre Retention</i>	<i>Total Retention</i>
Accounting system data including monthly	Soft Copy	Current Year + 1	-	Current Year + 1

and year-end prints				
Capital budget working papers	Soft Copy	Current Year + 2	-	Current Year + 2
Cheque printouts (year end print only)	Hard Copy	Current Year + 1	5 Years	Current Year + 6
Expired construction tax certificates	Hard Copy	Current Year + 1	5 Years	Current Year + 6
Individual working files	Soft Copy	Whilst the document is of interest to the division.	-	Whilst the document is of interest to the division.
Input documents into accounting system	Soft Copy	Current Year + 2	4 Years	Current Year + 6
Returned cheques	Hard Copy	Current Year + 1	5 Years	Current Year + 6

TIP: You can find links to the relevant policies here:

http://hotwire/policies/az_policies_result.asp?id=126

PART C: FINANCIAL CONTROLS AND INSURANCE

13. Financial Risk Management

- (a) Heads of Department are required to immediately advise the Director of Finance and Contractual Services of:
- The acquisition or disposal of assets requiring insurance cover;
 - Any incident or occurrence that may adversely affect the Authority's assets and likely to give rise to a claim on the Authority's insurers;
 - Any incident or occurrence that might give rise to a claim against the Authority such notice or estimate is to also be given to the Head of Legal and Democratic Services.
 - Any incident or occurrence that might give rise to a claim being made by the Authority on its insurance policies , for e.g. thefts, accidents; and
 - in cases of marine and motor accidents such notice or estimate is to also be given to the Head of Legal and Democratic Services.
- (b) The Director of Finance and Contractual Services is responsible for negotiating all claims with the Authority's insurers.
- (c) Heads of Department are to consult with the Director of Finance and Contractual Services and the Head of Legal and Democratic Services in respect of any terms of any indemnity which the authority is requested to give.
- (d) The Director of Finance and Contractual Services is responsible for ensuring that proper insurance exists where appropriate and will report the level of cover and risk to Members annually.
- (e) The Director of Finance and Contractual Services will negotiate with third parties as appropriate to ensure the Authority's insurance risk is minimised.
- (f) In support of the detailed statement on the adequacy of reserves, the corporate and departmental financial risk assessment is refreshed annually. It tests the robustness of the current assessment of adequacy of reserves against the Authority's established and audited risk management arrangements by carrying out an evaluation of the potential financial impact of each of the relevant corporate and departmental risks materialising and assessing this against the likelihood of this given the control measures that are in place.

14. Internal controls

- (a) Internal controls are required to identify, meet and monitor compliance with the Authority's statutory obligations and to ensure that the Authority's assets and interests are safeguarded.
- (b) When allocating tasks dealing with the control of the Authority's assets officers will:

- separate the tasks of providing information about amounts due to or from the Authority and calculating, checking and recording these amounts from the task of collecting or paying them; and
 - ensure staff with the task of examining or checking the accounts of cash transactions must not themselves be involved in these transactions.
- (c) The Director of Finance and Contractual Services is responsible for:
- advising on effective systems of internal control which need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice; and
 - ensuring that the Authority's funds are properly safeguarded and used economically and efficiently.

15. Internal Audit

- (a) The Authority is required to make arrangements for the proper administration of their financial affairs and maintain an adequate and effective system of internal audit of their accounting records and control systems.
- (b) Internal audit is utilised to review the system of internal control which examines, evaluates and reports on the adequacy of internal control as a contribution to the effective use of resources.
- (c) The Head of Internal Audit reports to the Director of Finance and Contractual Services and has independent access to members through the relevant committee. The Head of Internal Audit liaises closely with the Director of Finance and Contractual Services.
- (d) Heads of Department are required to provide the Head of Internal Audit :
- access at all reasonable times to enter any Authority premises or land;
 - access to records, documents and correspondence relating to any transaction of the Authority;
 - explanations as are necessary concerning any matter under examination; and
 - access to any asset or property under their control.
- (e) Heads of Department are required to ensure that any agreed actions arising from audit recommendations are carried out as quickly and effectively as practical.
- (f) Heads of Department are required to inform the Director of Finance and Contractual Services, of any matter which involves irregularities or any suspected irregularity concerning cash, stores, property or any irregularity in the exercise of the functions of the Authority.
- (g) Where there are sufficient grounds to believe that a criminal act has been committed, the Director of Finance and Contractual Services will consult with the Head of Legal and Democratic Services and, as appropriate with the Commissioner or his/her nominated officer, before referring the matter to the police for investigation.

- (h) Any confirmed irregularities falling under these responsibilities of internal audit may result in the Authority taking disciplinary action against those responsible.
- (i) Heads of Department are required to ensure that records and assets are properly maintained and securely held.
- (j) Heads of Department are responsible for contingency plans for the security of assets and the continuity of service in the event of disaster or system failure.
- (k) The Head of Internal Audit provides an annual report to the relevant committee which:
- Gives an opinion on the overall adequacy and effectiveness of the Authority's control environment, disclosing any qualification to that opinion, together with the reasons for the qualification;
 - Summarises the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
 - Draws attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
 - Compares the work undertaken against that planned and summarises audit performance; and
 - Comments on Internal Audit's compliance with the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006.
- (l) The Head of Internal Audit will notify the Director of Finance and Contractual Services of any loss or financial irregularity and will use this information to inform the opinion on the internal control environment and the Internal Audit work programme.
- (m) Internal Audit leads on Anti-Fraud and Corruption. It is responsible for:
- Updating and maintaining the Authority's Anti-Fraud Policy;
 - Leading the Authority's work on fraud prevention;
 - Conducting investigations into potential fraud or abuse involving members, staff or contractors; and
 - Making recommendations to address any control weaknesses identified as a result of investigative work.
- (n) The Director of Finance and Contractual Services ensures that serious losses and irregularities are reported to the relevant committee.
- (o) The Director of Finance and Contractual Services in conjunction with the Commissioner agrees the draft audit plan with the Head of Internal Audit prior to approval by the relevant Committee.
- (p) The Director of Finance and Contractual Services reports progress in implementation of internal audit recommendations to the relevant committee.

16. Fraud and Corruption Irregularities

- (a) The Authority expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Authority with integrity.
- (b) In all matters, Heads of Department shall comply with the Authority's Corporate Counter Fraud Strategy and Fraud Response Plan.

TIP: Refer to guidance on hotwire: Policy 568 Fraud response plan (and counter fraud strategy, appendix 1)

<http://hotwire/policies/media/568.pdf>

17. Stores

- (a) Heads of Department are responsible for the safe custody and control of stores held by their department and to ensure that the stocks held at any one time reflect consumption needs and do not exceed an appropriate level necessary to service the appropriate operations.
- (b) Heads of Department are to undertake stock checks of all stores at least once each financial year in accordance with a programme approved by the Director of Finance and Contractual Services.
- (c) The Head of Department will also test check by surprise visits where the Director of Finance and Contractual Services agrees this to be appropriate.
- (d) For every stocktaking, a list shall be prepared of the stock checked, indicating discrepancies with the stock records. Each list is to be accompanied by a certificate from the Head of Department that the stock shown in the list is held and whether the stock is in good condition and necessary and suitable for the requirements of the department.
- (e) A copy of the list is to be forwarded to the Director of Finance and Contractual Services. The Head of Department is to determine in conjunction with the Director of Finance and Contractual Services what action is to be taken to deal with any discrepancies.

18. Inventories

- (a) Inventories of the Authority's property are to be prepared and kept up to date by Heads of Department in a form as advised by the Director of Finance and Contractual Services.
- (b) Inventories are to be checked with the physical asset at least once each financial year. Should deficiencies occur the Head of Department is to determine in conjunction with the Director of Finance and Contractual Services what action is to be taken.
- (c) The Authority's property is not to be removed otherwise than in accordance with the course of the Authority's business.

19. Disposal of Assets

- (a) Heads of Department are responsible for making arrangements for the disposal of surplus stores, equipment, furniture etc., subject to agreement by the Director of Finance and Contractual Services and in accordance with any policy laid down by the Authority.
- (b) Disposal of the Authority's land (including buildings) is to be in accordance with the relevant Code of Practice on the Disposal of Land as approved by the Authority.

TIP: You can find the code of practice here:

<http://www.london-fire.gov.uk/LFEPAPublications.asp>

20. Writing off

- (a) Subject to keeping records in a form approved by the Director of Finance and Contractual Services, Heads of Department may write-off losses of up to £500 in respect of any one item in respect of:
 - the loss to the Authority when property belonging to the Authority has been lost, stolen, damaged or destroyed and the loss is not recoverable from insurance or other sources; or
 - the loss to the Authority on the disposal of damaged, obsolete or redundant stock at prices less than the book value at the time of disposal.
- (b) Heads of Department are to refer all other cases to the Director of Finance and Contractual Services who may require a report to be submitted to the Authority.
- (c) The Director of Finance and Contractual Services may write-off losses to a limit of £50,000, and without report, provided no major question of principle is involved and that proper steps have been taken to mitigate the loss and prevent a recurrence of it. Sums to be written off above £50,000 in relation to single debtors will require the approval of the relevant Committee after consideration of a report from the Director of Finance and Contractual Services.

21. External Audit

- (a) The Authority's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts presents a true and fair view of the financial position of the Authority and its income and expenditure for the year in question and complies with the legal requirements.
- (b) Heads of Department are required to :
 - Give the external auditors access at all reasonable times to premises, personnel, documents and assets which are considered necessary for the purposes of their work; and
 - Ensure that all records and systems are up to date and available for inspection.

- (c) The Director of Finance and Contractual Services has responsibility for identifying and leading implementation of recommendations from External Audit Reviews and to report progress in implementation to the relevant committee.

22. Treasury Management

- (a) Responsibility for the execution and administration of Treasury Management decisions are delegated to the Director of Finance and Contractual Services who will act in accordance with the Authority's Policy Statement on Treasury Management Activities and Treasury Management Practices and CIPFA's "Standard of Professional Practice on Treasury Management";
- (b) The Director of Finance and Contractual Services is authorised to make use of balances to fund internal borrowing when it is considered advantageous, provided the overall borrowing limit, determined by the Mayor for the Authority, is not exceeded.
- (c) The Authority has adopted the key recommendations of CIPFA's "Code of Treasury Management in the Public Services: Code of Practice", as described in Section 4 of that Code;
- (d) The Authority will maintain a Treasury Management policy statement, stating the policies and objectives of its Treasury Management activities;
- (e) The Authority will maintain suitable Treasury Management practices, setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities;
- (f) The Authority will receive as a minimum, an annual strategy and plan in advance of the financial year, a mid year report and an annual report which shall be presented by 30 September of the succeeding financial year;
- (g) Bi-annual reports on its Treasury Management practices and activities will be submitted for consideration by the relevant Committee, who may then advise the Authority accordingly as part of its progress report to the Authority;
- (h) The Authority delegates responsibility for the execution and administration of Treasury Management decisions to the Director of Finance and Contractual Services who will act in accordance with the Authority's policy statement and treasury management practices and CIPFA's "Standard of Professional Practice on Treasury Management";
- (i) In relation to The Prudential Code for Capital Finance in Local Authorities, the Authority delegates responsibility to the Director of Finance and Contractual Services, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities (both "authorised limits" and "operational boundary"), in accordance with option appraisal and best value for money for the Authority, and any such changes made are to be reported to the relevant committee at its next meeting following the change.
- (j) The Director of Finance and Contractual Services has responsibility to secure appropriate banking arrangements and treasury management borrowing and investments subject to approved treasury management and annual investment strategies.
- (k) The Director of Finance and Contractual Services makes arrangements for the day to day operation of the treasury management function and will exercise the day to day operation of this function within the Authority's agreed Treasury Management Policy.

- (l) The Director of Finance and Contractual Services produces a Treasury Management Policy Statement setting out the principles, policies and management arrangements including roles and responsibilities of the Brigade for approval by the Authority.
- (m) The Director of Finance and Contractual Services produces annually a Treasury Management Strategy report setting out the requirements for the forthcoming year and the proposals to meet them, for approval by the Authority.

23. Staffing

- (a) Heads of Department are required to monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- (b) Heads of Department are to provide the Director of Finance and Contractual Services with such information and in such form as may be requested to enable the calculation and payment of salaries and to maintain appropriate financial records and wages
- (c) Heads of Department are to monitor the staffing budget to ensure it is not exceeded without authority and that it is managed to enable the agreed level of service to be provided.
- (d) Heads of Department are to advise the the Director of Finance and Contractual Services if the staffing budget is likely to be materially over or underspent.
- (e) Heads of Department should not seek to employ temporary staff unless there is adequate budget provision to cover the anticipated costs and an official order is to be raised for agency temporary staff.
- (f) The Director of Finance and Contractual Services is to ensure that budget provision exists for all existing and new employees and to advise the Commissioner, Directors and Heads of Department on National Insurance and pension contributions, as appropriate.

24. Appointment of Consultants

- (a) The appointment of consultants is covered by the Code of Practice on tenders and contracts.

TIP: You can access a link here:

<http://www.london-fire.gov.uk/LFEPAPublications.asp>

SECTION D: FINANCIAL SYSTEMS AND PROCEDURES

25. Financial Systems and Procedures

- (a) Controls are important to ensure that the Authority's financial systems are accurate, transactions are properly processed and errors are detected promptly.
- (b) Any material change or amendment to any financial systems or procedures by Heads of Department is to be carried out in consultation with the Director of Finance and Contractual Services.
- (c) Heads of Department are required to ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- (d) The Director of Finance and Contractual Services authorises the financial systems and procedures for the receipt and payment of all Authority monies and determines the procedures and work practices to ensure there is adequate internal control and internal checks.
- (e) The Director of Finance and Contractual Services is responsible for the day to day operation and control of the systems and procedures required to:
 - order goods and services;
 - pay salaries, wages and pensions;
 - pay creditors, allowances and expenses;
 - collect and bank all income due to the Authority;
 - provide, safeguard and subsequently dispose of all Authority assets (both tangible and intangible) within the limits set out in the Scheme of Delegation;
 - account for taxes and make necessary payments to the appropriate authorities; and
 - be responsible for meeting statutory requirements in relation to keeping records of all financial transactions, such as to enable financial control and audit of the accounts.
- (f) The Director of Finance and Contractual Services arranges for the proper administration of the Authority's financial affairs:
 - issues advice, guidance and procedures for officers and others acting on behalf of the Authority;
 - determines the accounting systems, form of accounts and supporting financial records;
 - establish arrangements for the audit of the authority's financial affairs;
 - approves any new financial systems to be introduced; and
 - approves any changes to be made to existing financial systems.

26. Income

- (a) Heads of Department are to arrange for prompt collection control and deposit of money due to the Authority and notify the Director of Finance and Contractual Services of all cash collected and income due to the Authority:
- all monies received on behalf of the Authority is to be banked without delay in the Authority's name; and
 - all documentation relating to income receivable by the Authority to be in the name of the Authority, including agreements for the provision of services, invoices and receipts.
- (b) At regular intervals agreed with the Director of Finance and Contractual Services, Heads of Department are to review income received and likely to be received and bring any likely shortfall in income over departmental budgets to the attention of the Director of Finance and Contractual Services, together with any likely significant increase in income.
- (c) The Director of Finance and Contractual Services will as part of the annual budget cycle review all rents, fees and charges for services provided.
- (d) All agreements for the provision of services to other organisations will be on the basis of cost recovery.

27. Routine Expenditure

- (a) Once budgets are approved, routine expenditure can be incurred without further approval in accordance with these Financial Regulations and the procurement procedures set out in the Code of Practice on Tenders and Contracts.

28. Orders, for Works, Goods and Services

- (a) These regulations are to be read in conjunction with the Authority's code of practice on tenders and contracts.

TIP: Refer to guidance provided on hotwire for tenders and contracts:

<http://www.london-fire.gov.uk/LFEPAPublications.asp>

- (b) Heads of Department are responsible for all orders issued by their department for work, goods and services and for ensuring that the costs incurred are covered by approved estimates.
- (c) The person authorising a Purchase Order is responsible for ensuring that the estimated cost of the order is covered by a budget provision. The contract is entered into upon the issue of the Purchase Order, it is essential that the correct information is included in the Purchase Order and that all procurement/financial regulations have been complied with.

- (d) Official orders are to 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 Director and Finance and Contractual Services.
- (e) The Authority is the legal party for all contracts entered into for the purchase of goods and services, for the provision of works and for the purchase of assets, including land and buildings.
- (f) Apart from petty cash payments from authorised cash floats, the normal method of payment of money due from the Authority will be by BACS or cheque drawn on the Authority's banking account by the Director of Finance and Contractual Services.

29. Procedures for Payments and Authorisation of Accounts

- (a) The Director of Finance and Contractual Services is responsible for paying all properly authorised accounts submitted for payment. Apart from petty cash and other payments from advance accounts, the usual method of payment of money due from the Authority is by BACS, direct credit transfer or cheque.
- (b) When Goods/Services have been received, these are to be entered promptly onto the Finance System via a Goods/Services Received Notification.
- (c) When an Invoice is received, and matched with the Purchase Order and Goods/Services Received Notification, the Finance System will automatically generate payment.
- (d) The Commissioner and Directors will advise the names of officers authorised to sign accounts for payment or verify on-line payments for approval.
- (e) Certifying Officers are responsible for examining, verifying and certifying invoice(s) for which they have issued an order, and equally for any other payment vouchers or accounts. Where invoices agree with the approved order, no further authorisation is required.
- (f) Before approving a VAT invoice, staff should confirm that
 - The work, goods or services to which the invoice relates have been received, carried out, examined and approved;
 - The prices, extensions, calculations, trade discounts, other allowances, credits and tax rates are correct;
 - The relevant expenditure has been properly incurred and is within the estimate;
 - Stock records (were appropriate) have been updated and
 - The invoice has not previously been approved for payment and is a correct liability.
 - The invoice meets HM Revenue and Customs definition of a valid VAT invoice for the purpose of reclaiming VAT.

TIP: In exceptional circumstances, the Director of Finance and Contractual Services may authorise payment in advance.

- (g) Payments are to be made in compliance with the statutory requirements regarding prompt payment.
- (h) Payments are to be made against a formal invoice or e-invoice where agreement has been reached with individual suppliers who participate in the e-invoicing scheme - photocopied, faxed invoices, statements or documents are not acceptable. Any amendment to an invoice is to be made in ink and initialled by the officer making it, stating briefly the reasons where they are not self-evident. No amendments are to be made to VAT amounts.
- (i) The Commissioner and Directors may request, in writing, for the Director of Finance and Contractual Services to make payment where prices have increased beyond the control of the contractor/supplier. The Director of Finance and Contractual Services may make payment provided he/she is satisfied the increases are reasonable, and are in accordance with a decision of the Members or any Resolution of the Authority and are within overall budget provision (provided by virement if necessary).
- (j) Payments between the Authority's suppliers and the Authority are not to be netted off.
- (k) Loans, leasing or rental arrangements are entered into with agreement from the Director of Finance and Contractual Services.
- (l) Each Line Manager is as soon as possible after 31st March in each year is to notify the Director of Finance and Contractual Services of all outstanding expenditure relating to the previous financial year.

30. Salaries and pensions

- (a) The Director of Finance and Contractual Services is responsible for making payments of salaries, wages and pension benefits.
- (b) Any extraordinary payroll payments and payments outside of agreements of general application are to be specifically approved by Director of Finance and Contractual Services in consultation with the Head of Legal and Democratic Services.
- (c) Each Head of Department is to notify the Director of Finance and Contractual Services of :
 - absences of staff from duty for sickness or other reason, apart from annual leave entitlement; and
 - information necessary to maintain records of service for pension purposes, income tax and National Insurance.
- (d) All hard copies of time records or other documents for payment are to be signed by the Line Manager or nominated officer.
- (e) All appropriate payroll documents are to be retained and stored for the period in accordance with the document retention schedule (6 year retention).

http://hotwire/policies/az_policies_result.asp?id=126

- (f) The Director of Finance and Contractual Services is responsible for ensuring that the payment of salaries and allowances reflects:
- appointments, resignations, dismissals, suspensions, secondments and transfers;
 - changes in remuneration, other than normal increments, and pay awards and agreements of general application;
- (g) Appointment of all employees is to be made in accordance with the regulations of the Authority and the approved establishments, grades and rates of pay.

TIP: Refer to guidance provided on hotwire for Pay and grading review and job evaluation

<http://hotwire/people/humanresources/grading.asp>

- (h) The Director of Finance and Contractual Services is responsible for:
- Approving all time records or other documents for payment;
 - Arranging the payment of all salaries and allowances to all employees or former employees of the Authority;
 - Recording and making arrangements for the accurate and timely payment of tax, superannuation and other deductions; and
 - Ensuring that there are adequate arrangements for administering superannuation matters on a day-to-day basis.

31. Credit Cards

- (a) Credit cards are only to be used in relation to Authority business and are only to be used when no other means of purchasing is available. Corporate credit cards are not to be used for private expenditure.
- (b) All expenditure incurred needs to comply with the Authority's Contracts Code of Practice and delegated authority framework.
- (c) The Director of Finance and Contractual Services will provide such credit cards as are necessary. If at any time, in the opinion of the Director of Finance and Contractual Services, the credit card is subject to improper use, such as personal transactions, the credit card will be withdrawn.

32. Banking Arrangements

- (a) The Director of Finance and Contractual Services will advise the Authority on all banking and related arrangements. All arrangements with the Authority's bankers will be made by or in accordance with principles approved by the Director of Finance and Contractual Services, who will operate bank accounts on behalf of the Authority.
- (b) All arrangements for opening bank accounts and for the banking and withdrawal of money are to be made by the Director of Finance and Contractual Services.
- (c) Under no circumstances are private cheques, money or postal orders be cashed through the Authority's account or voluntary funds.
- (d) The Director of Finance and Contractual Services will arrange that all bank accounts which contain monies that form part of the Authority's funds bear an official title that includes the name of the Authority. In no circumstances is an account to be opened in the name of an individual or with other than the Authority's official banker(s) as determined by the Director of Finance and Contractual Services.
- (e) The Director of Finance and Contractual Services will determine the arrangements for authorising and making payments from the Authority's bank accounts.
- (f) The Director of Finance and Contractual Services will arrange for the ordering, control and despatch of the cheques drawn on the Authority's bank accounts, including arrangements for safe custody and the maintenance of a cheque register.
- (g) The Director of Finance and Contractual Services will ensure regular reconciliations of all Authority bank accounts are undertaken.

33. Taxation

- (a) Heads of Department are to consult with the Director of Finance and Contractual Services as soon as possible about expenditure or income proposals, which may have tax implications.
- (b) The Director of Finance and Contractual Services is responsible for the Authority's compliance with taxation legislation, including making tax payments, receiving tax credits, maintaining tax records and completing and submitting all statutory returns by due dates.
- (c) The Director of Finance and Contractual Services is responsible for issuing guidance on taxation issues that affect the Authority.

34. External Funding

- (a) The draft grant funding bid is to be submitted to the Director of Finance and Contractual Services for review and full account is taken of the conditions of grant, including any commitment to matched funding, and that the available grant is maximised. Where grant funding is time limited, this assessment will also address the implications in terms of on-going provision of the activity on termination of the grant.
- (b) Any bid for additional grant funding is to be subject to financial advice from finance officers, who are required to participate in the preparation of the grant submission.

- (c) Heads of Department are to supply to the Director of Finance and Contractual Services information on all grant submissions prior to their submission and with sufficient time to allow for comment.
- (d) Heads of Department are to supply information as the Director of Finance and Contractual Services requires to complete the grant claims.
- (e) The Director of Finance and Contractual Services is to be consulted on the Value Added Tax implications and raise invoices for the amounts due to the Authority.
- (f) Heads of Department are to submit claims for funds by the due date and all supporting documentation is to be retained as outlined in the Authority's retention of documentation policy.
- (g) Heads of Department are to monitor the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.
- (h) If it is identified that there is a possibility of expenditure being greater than the income received or expenditure slipping past a funding deadline, the project manager is required to notify the Director of Finance and Contractual Services, and provide options for reducing expenditure and/or identifying alternative funding.
- (i) Officers are required to ensure that an exit strategy is agreed which sets out plans for after the external funding expires.

35. Sponsorship

- (a) Gifts, loans of property and sponsorship need to comply with conditions approved by the Authority.

TIP: You can find these here:

<http://www.london-fire.gov.uk/LFEPAPublications.asp>