

# AVON FIRE AUTHORITY FINANCIAL REGULATIONS

## **Introduction**

1. To conduct its business efficiently, the Avon Fire Authority (hereafter referred to as “the Authority”) needs to ensure that it has sound financial regulations in place and that they are strictly adhered to. Additionally, this Authority is committed to innovation, within the regulatory framework and ensuring the necessary risk assessment and approval safeguards are in place.
2. These Financial Regulations aim to provide clarity about the financial accountabilities of individuals – the Authority itself (or one of its Committees as the case may be), the Chief Fire Officer, the Treasurer (as the Sc151 Financial Officer), the Clerk (as the Monitoring Officer) and those other officers either on the Senior Leadership Board or on the Service Leadership Team.
3. These Regulations, together with other regulatory documents (for example, Standing Orders; the Scheme of Delegations; Members and Officers Codes of Conduct; Corporate Governance Code; Anti-Fraud and Anti-Corruption Strategy), are an integral part of the overall governance framework for the Authority.

## **Status of Financial Regulations**

1. These Financial Regulations provide the framework for managing the Authority’s financial affairs. They apply to every Member and officer of the Authority and anyone acting on its behalf.
2. The Regulations identify the financial responsibilities of the Authority itself (or one of its Committees as the case may be), the Chief Fire Officer, the Treasurer (as the Sc151 Financial Officer), the Clerk (as the Monitoring Officer) and those other officers on either the Senior Leadership Board or on the Service Leadership Team (Heads of Departments) responsible for service delivery. Officers as identified in these regulations should maintain a written record where decision making has been delegated to members of their staff, including seconded staff.
3. All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
4. The Treasurer is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes necessary to the Authority for approval. The Treasurer is also responsible for reporting, where appropriate, breaches of the financial regulations to the Authority.
5. Officers of the Senior Leadership Board and/or the Service Leadership Team are responsible for ensuring that all staff in their departments are aware of the existence and content of the Authority’s Financial Regulations and other internal regulatory documents

and the need to comply with them. Failure to comply with these regulations could lead to disciplinary action.

6. The Treasurer is responsible for issuing advice and guidance to underpin the Financial Regulations that Members, Officers and others acting on behalf of the Authority are required to follow.

# FINANCIAL REGULATION A: FINANCIAL MANAGEMENT

## Introduction

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

### ***The Authority***

A1. The Authority is responsible for approving and monitoring compliance with an overall framework of accountability and control.

### ***Audit, Governance & Ethics Committee***

A2. The Authority has delegated to this Committee, amongst other things, overall responsibility for Internal and External audit. In turn, this Committee has delegated day-to-day responsibility for this to the Treasurer. The Treasurer consults the Committee as necessary on the content of the annual audit plans of both the internal and external auditors. The Committee is responsible for monitoring the delivery of both plans and any additional audit work undertaken during the year. It also reviews the internal auditors' annual report and the external auditors' statutory management letters and makes recommendations for appropriate action. The Committee considers the outcomes of any fraud investigations and action taken.

A3. The Committee may initiate reviews of the adequacy of financial procedures and internal controls, including the adequacy of the audit function, and recommend to the Authority future policy options. As part of these reviews, officers on either the Senior Leadership Board or the Service Leadership Team may be required to account to the Committee for their actions or those of their staff.

### ***Other committees***

A4. The Authority may establish committees to effectively and efficiently enable it to perform its functions. Any such committees will be established in accordance with Standing Orders and will have specified Terms of Reference setting out the limit of powers delegated to the Committee in question by the Authority.

### ***The Statutory Officers***

#### ***(a) The Chief Fire Officer***

A5. The Chief Fire Officer, is responsible for the corporate and overall strategic management of the Authority as a whole. They must report to and provide information for the Authority and are responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Chief Fire Officer, together with the Clerk (as Monitoring Officer), are responsible for the system of record keeping in relation to all the Authority's decisions (see below).

#### ***(b) Clerk & Monitoring Officer***

A6. The Clerk, in their capacity as Monitoring Officer, has responsibility for reporting any actual or potential breaches of the law or maladministration to the Authority, and for ensuring that procedures for recording and reporting decisions are operating effectively. Specifically, the Monitoring Officer role entails:

- advising all Members and Officers about who has authority to take a particular decision; and
- advising the Authority about whether a decision is likely to be considered contrary to, or not wholly in accordance with the policy framework.

A7. The Clerk (together with the Treasurer) is responsible for advising the Authority about whether a decision is likely to be considered contrary to or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:

- initiating a new policy;
- committing expenditure in future years to above the budget level;
- incurring interdepartmental transfers above virement limits;
- causing the total expenditure financed from Authority tax, grants and corporately held reserves to increase, or to increase by more than a specified amount.

A8. The Clerk, together with the Chief Fire Officer and the Treasurer, is responsible for ensuring that the constitutional governance documents of the Authority are up-to-date.

**(c) Treasurer**

A9. The Treasurer, as the Sc151 financial officer, has statutory duties in relation to the financial administration and stewardship of the Authority. This statutory responsibility cannot be overridden and arises from:

- the Local Government Act 1972;
- The Local Government Finance Act 1988;
- The Local Government and Housing Act 1989; and
- The Accounts and Audit Regulations.

A10. The Treasurer is responsible for:

- the proper administration of the Authority's financial affairs;
- setting and monitoring compliance with financial management standards;
- advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- providing financial information;
- preparing the revenue budget and the capital programme (in consultation with the Senior Leadership Board);
- Treasury Management

A11. Section 114 of the Local Government Finance Act 1988 requires the Treasurer to report to the Authority if it or one of its officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority
- is about to make an unlawful entry in the Authority's accounts.

A12. Section 114 of the 1988 Act also requires:

- the Treasurer to nominate a properly qualified member of staff to deputise should they be unable to perform the duties under Section 114 personally
- the Authority is to provide the Treasurer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under Section 114

#### **d) The Senior Leadership Board**

A13. The Senior Leadership Board comprises those Service Directors who, together with the Treasurer and the Authority, set the strategic direction of the organisation and provide the most senior officer-level of decision making on strategic planning and policy to deliver the organisations purpose and vision.

#### **e) The Senior Leadership Team**

A14. The Senior Leadership Team comprises those Heads of Department responsible for the day to day performance and running of the Service and making recommendations as appropriate for strategic change, based on service delivery and service support experience, to the Senior Leadership Board.

### ***Other financial accountabilities***

#### ***(a) Virement***

**A15. In-year virements up to and including £50,000 should be approved by the Chief Fire Officer and Treasurer, in accordance with the Financial Scheme of Delegations.**

**A16. In-year virements above £50,000 and below £100,000 need to be approved by the Performance, Review and Scrutiny Committee, in accordance with the Terms of Reference. Any virements exceeding £100,000 require approval by the Fire Authority.**

#### ***(b) Treatment of year-end balances***

A17. The Treasurer will report to the Authority on the outturn of expenditure and income in relation the previous year's revenue budget, as soon as practicable after the end of the financial year. The Authority is responsible for agreeing procedures for carrying forward under and overspendings on revenue and capital budget headings.

A18. The Treasurer in consultation with the relevant Senior Leadership Board officer with responsibility for the capital programme will report on the outturn of expenditure on individual schemes within the approved capital programme, as soon as practicable after the end of the financial year.

#### ***(c) Accounting policies***

A19. The Treasurer is responsible for selecting accounting policies and ensuring that they are applied consistently.

#### ***(d) Accounting records and returns***

A20. The Treasurer is responsible for determining the accounting procedures and records for the authority.

#### ***(e) The annual statement of accounts***

A21. The Treasurer is responsible for ensuring that the annual statement of accounts is prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC). The Authority (or Committee so delegated to do so) is responsible for approving the annual statement of accounts.

### **Financial Scheme of Delegation**

A22. The Financial Scheme of Delegation sets out the approved financial limits within which authorised officers may conduct the Authority's business. Changes to limits/values contained within it may only be made with the approval of the S151 Officer.

# FINANCIAL REGULATION B: FINANCIAL PLANNING

## Introduction

The Authority is responsible for agreeing its planning framework and associated financial planning and budget requirements. The key elements of this are as follows.

## Planning Framework

B1. The planning framework comprises the following statutory plans and strategies:

- Service Plan
- Medium Term Financial Plan
- Revenue Annual Budget
- Capital Annual Programme & Strategy
- Reserves Strategy
- Treasury Management Statement

B2. The Chief Fire Officer is responsible – in conjunction with other officers on the Senior Leadership Board and on the Service Leadership Team - for developing and proposing these documents to the Authority for approval.

B3. The Treasurer, in conjunction with the Senior Leadership Board, is responsible for the preparation and revision (as necessary) of the Annual Revenue Budget, the Medium Term Financial Plan, the Reserves Strategy and the Treasury Management Strategy. The Treasurer will work with the lead Directors to report the Capital Annual Programme & Strategy.

## Budgeting

### ***Budget format***

B4. The general format of the budget will be approved by the Authority and proposed on the advice of the Treasurer following consultation with the Senior Leadership Board. The draft budget submitted to the Authority for approval must include details of the allocation of resources to different services and projects, proposed taxation levels, the nature and level of contingency funds and reserves and the requirement to set the Prudential Code limits (in particular, the statutory borrowing limit) under the Local Government Act 2003.

### ***Revenue Budget preparation***

B5. The Treasurer in consultation with the Senior Leadership Board and the Service Leadership Team is responsible for ensuring that a revenue budget and Medium Term Financial Plan is prepared on an annual basis for consideration by the Authority. This will include appropriate sensitivity analysis to inform decision making on review. The Authority may amend the budget or ask for it to be revised before approving it, subject to compliance with the relevant statutory requirements for budget setting.

B6. The Treasurer in consultation with the Senior Leadership Board is responsible for issuing guidance on the general content of the budget as soon as possible following approval by the Authority.

B7. It is the responsibility of officers on the Senior Leadership Board and the Service Leadership Team, following consultation with the Treasurer, to ensure that budget estimates reflecting agreed service plans are submitted to the Authority.

### ***Capital Programme***

B8. The Treasurer in consultation with the Senior Leadership Board is responsible for ensuring that a capital programme, covering a three year period (or as may otherwise be determined) is prepared/updated on an annual basis for submission to the Authority for approval. This submission will include consideration on the impact on the Prudential Indicators (which govern the financing of the Capital Programme) as required by the CIPFA Prudential Code.

B9. The Authority (or Committee so delegated to do so) may amend the Capital Programme or ask that areas of detail contained within it be reconsidered.

B10. The Authority (or Committee so delegated to do so) will monitor progress of capital schemes included in the approved Capital Programme, **including approval of Business Cases, monitoring reports on spend and slippage.**

B11. The approval of the Authority (or Committee so delegated to do so) will be sought:-  
a) where it is proposed to finance a capital scheme from the revenue budget and the level of expenditure to be incurred exceeds the limit shown in the Scheme of Delegation;  
b) where the estimated expenditure for any individual major capital scheme exceeds the capital programme provision for that scheme by the limit shown Scheme of Delegation, subject to the additional expenditure being contained from within the overall capital programme limit for the year in question;

### ***Preparation Guidelines***

B12. The Treasurer is responsible for issuing to officers on the Senior Leadership Board and the Service Leadership Team guidelines for preparation of both the annual revenue budget and the Capital Programme. The guidelines will take account of:

- legal requirements;
- medium-term financial planning prospects;
- the Service plan;
- available resources;
- spending pressures;
- Best Value and other relevant government guidelines;
- other internal policy documents;
- cross-cutting issues (where relevant).

### ***Budget monitoring and control***

B16. The Treasurer is responsible for providing appropriate financial information to enable budgets to be monitored effectively. They must monitor and control expenditure against budget allocations.

B17. It is the responsibility of Senior Leadership Board and Service Leadership Team officers to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Treasurer. They should also take any action necessary to avoid exceeding their budget allocation.

B18. The Senior Leadership Board and the Service Leadership Team officers must provide the Treasurer with budget monitoring information, highlighting any problems or variances within their areas. In turn, the Treasurer is responsible for submitting appropriate and regular monitoring reports both to the Senior Leadership Board, the Service Leadership Team and to the Authority.

B19. The Treasurer in consultation with the relevant Senior Leadership Board officer with responsibility for the capital programme will be responsible for submitting appropriate and regular reports monitoring progress against the approved Capital Programme to the Authority.

***Maintenance of reserves***

B20. It is the responsibility of the Treasurer to advise the Authority on prudent levels of reserves. A Reserves Strategy will be prepared annually and submitted to the Authority for approval.

# **FINANCIAL REGULATION C: RISK MANAGEMENT AND CONTROL OF RESOURCES**

## **Introduction**

It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant operational risks to the authority. This should include the proactive participation of all those associated with planning and delivering services.

## **Risk management**

C1. Risk management for the Authority is designed to protect the assets of the Service, ensure service continuity and facilitate innovation and opportunity. The Service risk management approach encourages officers and managers to identify, understand and control risk. The annual budget and the Medium Term Financial Plan should financially assess and where possible quantify the key corporate risks and report these to the Authority or delegated committee.

## **Internal control**

C2. Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.

C3. The Treasurer is responsible for advising on effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.

C4. It is the responsibility of Senior Leadership Board and Service Leadership Team officers to ensure that sound arrangements – in line with advice from the Treasurer – are in place 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.

C5. The Authority is required to approve on an annual basis an Annual Statement of Assurance containing, amongst other things:

- a statement, in accordance with the Accounts and Audit Regulations, on measures – including the systems of internal control - taken by the Authority to ensure appropriate business practice, high standards of conduct and sound governance; and
- in accordance with the Fire and Rescue Service National Framework requirements, an annual assurance statement on financial, governance and operational matters and showing how the Authority has had due regard to the expectations set out in their integrated risk management plan and the requirements included in the Framework.

## **Audit requirements**

C6. The Accounts and Audit Regulations issued by the Government, require every authority to maintain an adequate and effective internal audit process.

C7. The Authority needs to comply with relevant legislative requirements in relation to external audit.

C8. The Audit, Governance and Ethics Committee is responsible for reviewing and approving both internal and external audit plans and fees.

C9. The Authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Customs and Excise and the Inland Revenue, who have statutory rights of access.

### **Preventing fraud and corruption**

C10. The Treasurer and Clerk (Monitoring Officer) are jointly responsible for the development, maintenance and operation of an appropriate strategy for the prevention and detection of fraud and corruption. More information can be found on this in the Anti-Fraud and Anti-Corruption Strategy and Response Plan within the Constitution.

### **Asset Management**

**C11. The Senior Leadership Board and Service Leadership Team should ensure that assets and supporting records are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place. A fixed asset is defined as an item or group of items, with a value equal to or greater than £5,000.**

### **Asset Additions**

**C12. The Authority will be required to approve the acquisition of land or buildings.**

**C13. All capital asset additions need to be captured within an asset additions form by the lead manager and forwarded to the Finance Manager within a month of assets being purchased. These additions will then be updated on the Asset Management System and reported to the Performance, Review and Scrutiny Committee on a quarterly basis. A reconciliation of the capital programme and additions will be carried out quarterly by the Finance team and then be reviewed by the Finance Manager and Treasurer to ensure the Asset Register is accurately maintained.**

### **Asset Disposals**

**C14. The Authority will be required to approve the disposal of land or buildings considered surplus to requirements) where this involves a conveyance.**

**C15. The Authority has delegated authority to approve the following to the Performance, Review and Scrutiny Committee:-**

**(a) the disposal of any material asset**

**(b) the writing off of any redundant stocks and equipment in excess of the value set out in the Scheme of Delegation Regulations;**

**C16. For any assets disposed of, the lead manager needs to complete the Asset Disposal Template and forward this form to the Finance Manager, within 1 month of the disposal.**

**The following methods are agreed routes for disposal of fleet and equipment assets:-**

- **Public Auction (decommissioned specialist vehicles excluding appliances, following professional valuation and ancillary fleet, IT equipment)**
- **Private sale (Ancillary fleet)**
- **Charitable Donation (redundant appliance fleet and equipment via GAFSIP to the Gambian Fire and Rescue Service. This has been confirmed by the Fire Authority in terms of adding social value).**
- **Closed bids (ancillary fleet vehicles)**
- **Scrapped via approved disposal companies (IT equipment which is obsolete)**

**C17. In disposing of any equipment not on the fixed asset register, the appropriate officer must ensure that the disposal is in accordance with Contract Procedure Rules and secures value for money.**

## **Treasury management**

C18. The Authority has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities.

C19. The Authority is responsible for approving a Treasury Management Policy Statement in compliance with CIPFA's Code of Practice for Treasury Management in Local Authorities. The Treasurer has delegated responsibility for implementing and monitoring the statement.

C20. All money in the hands of the Authority is controlled by the officer designated for the purposes of Section 112 of the Local Government Finance Act 1988, referred to in the code as the Treasurer.

C21. The Treasurer has delegated responsibility for implementing and monitoring the Treasury Management Policy Statement. All decisions on borrowing, investment or financing shall be delegated to the Treasurer, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in Local Authorities.

## **Staffing**

C22. The Chief Fire Officer, through the Senior Leadership Board and the Service Leadership Team, is responsible for providing overall management to staff.

C23. The Senior Leadership Board is responsible for determining and monitoring adherence to staffing policies and procedures and for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

C24. Senior Leadership Board and Service Leadership Team officers are responsible for controlling total staff numbers by:

- advising the Senior Leadership Board on the budget necessary in any given year to cover estimated staffing levels;
- the proper use of appointment procedures in line with advice from the Head of Human Resources.

C25. The Chief Fire Officer, in accordance with the Authority's approved Scheme of Delegations, has responsibility for:

- effecting minor variations in the establishment between uniformed and non-uniformed posts where this is in the best interests of the Service and subject to consultation with representative bodies and to there being no additional resource implications associated with the variation; and
- effecting changes in the establishment structure subject to any financial implications being contained within existing resources and in compliance with the virement thresholds as contained in the Authority's Financial Scheme of Delegation.

## **FINANCIAL REGULATION D: SYSTEMS AND PROCEDURES.**

### **Introduction**

D1. Sound systems and procedures are essential to an effective framework of accountability and control.

### **General**

D2. The Treasurer is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records. Senior Leadership Board and Service Leadership Team officers are responsible for the proper operation of financial processes in their own departments, in line with advice issued by the Treasurer. Any changes to agreed procedures proposed by Senior Leadership Board or Service Leadership Team officers, to meet their own specific service needs, must be agreed with the Treasurer.

D3. Senior Leadership Board and Service Leadership Team officers should ensure that their staff receive relevant financial training, as approved by the Treasurer.

D4. Senior Leadership Board and Service Leadership Team officers must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation and that their staff are aware of their responsibilities under Freedom of Information legislation.

### **Income and expenditure**

D5. It is the responsibility of Senior Leadership Board and Service Leadership Team officers to ensure that a proper scheme of delegation has been established within their area and is operating effectively. The scheme of delegation should identify staff authorised to act on the Senior Leadership Board or Service Leadership Team officer's behalf in respect of payments, income collection and placing orders, together with the limits of their authority.

D6. The Authority is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

D7. The approval of the Audit, Governance & Ethics Committee or Authority, as appropriate, will be required:-

- (a) to write off any debt in excess of the limit as set out in the Schedule to these Financial Regulations;
- (b) for the making of any payment in advance of delivery of goods or services in excess of the limit as set out in the Schedule to these Financial Regulations
- (c) for the making of any grant in excess of the limit as set out in the Schedule to these Financial Regulations

## **Payments to employees and Members**

D8. The Treasurer is responsible for all payments of salaries and wages to all staff, including payments for overtime, and for payment of allowances to Members.

D9. The approval of the Audit, Governance and Ethics Committee or Authority, as appropriate, will be required for the writing off of any overpayment of salary or allowance in excess of the limit as set out in the Schedule to these Regulations.

D10. The approval of the People & Culture Committee or Authority, as appropriate, will be required prior to incurring any financial implications arising from the exercise of discretions under the Local Government Pension Scheme or Firefighters Pensions Schemes, where these financial implications exceed the limit as set out in the Schedule to these Regulations.

## **Taxation**

D11. The Treasurer is responsible for advising all Senior Leadership Board and Service Leadership Team officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Authority.

D12. The Treasurer is responsible for maintaining directly or, where appropriate, ensuring that Senior Leadership Board and Service Leadership Team officers maintain the Authority's tax records and for making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

# **FINANCIAL REGULATION E: EXTERNAL ARRANGEMENTS**

## **Introduction**

The Authority contributes a distinctive role to the community and is involved in various partnership/joint working initiatives, aimed at improving the social and environmental well-being of the area it serves.

## **Partnerships**

E1. The Authority is responsible for approving an overall framework for its involvement in all strategic partnerships/joint working initiatives with other local public, private, voluntary and community sector organisations to address local needs.

E2. The Authority has delegated to the Senior Leadership Board and Service Leadership Team, power to approve the fire and rescue service role, including officer representation and resource allocation, in individual partnerships/joint working arrangements subject to any restrictions contained in the overall framework.

E3. The Clerk (as Monitoring Officer) and the Treasurer are responsible for promoting and maintaining within all partnerships the same high standards of conduct with regard to legal, corporate governance and financial affairs as apply throughout the Authority.

## **External funding**

E4. The Treasurer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the authority's accounts.

## **Work for third parties**

E5. The Senior Leadership Board officer with responsibility for procurement will, in consultation with the Treasurer, be responsible for providing specific guidance to Senior Leadership Board and Service Leadership Team officers, in respect of contractual arrangements for the provision of services to third parties or external bodies.

## **Financial Inducements, Gifts and Hospitality**

E6. The public is entitled to expect conduct of the highest standard from employees of the Authority.

E7. An employee shall not act in an official capacity in connection with any matter in which they or a close relative has a personal interest.

E8. Except, as may be specified in Conditions of Service or by the Authority an employee shall not accept any reward from any person in connection with their official duties, nor use their position of employment with the Authority for personal gain.

E9. Full details are available in the Conduct and Probity in the Public Service Policy.

E10. Employees responsible for the purchase of goods and supplies on behalf of the Authority should note that any promotional offers given by suppliers are the property of the Authority. These promotional offers normally take the form of a free gift, a holiday offer or vouchers towards goods. The CFO will decide on how any promotional offers are to be used to the benefit of the Authority.

E11. It is not appropriate for the Authority, as a Public Sector organisation, to make charitable donations, as this does not demonstrate a good use of public taxpayers' monies.