

SWALE AND URE DRAINAGE BOARD

FINANCIAL REGULATIONS

INDEX

<u>Section</u>	<u>Page</u>
1 INTRODUCTION	2
2 CONTRACTS	2
3 RESPONSIBILITY OF OFFICERS	3
4 ESTIMATES	3
5 BANKING	3
6 INCOME	4
7 PURCHASES OF GOODS AND SERVICES	4
9 STOCK	5
10 ASSETS	5
11 AUDIT	6
12 FRAUD OR OTHER IRREGULARITIES	6
13 WRITE OFFS	7
16 MEMBERS ALLOWANCES	7
17 INSURANCES	7
18 SECURITY	8
19 PROTECTION OF PRIVATE PROPERTY	8
20 INTERNAL CONTROLS ASSURANCE	9
21 REVIEW	9

1. INTRODUCTION

- 1.1 These Financial Regulations are designed to ensure that the funds and assets of the Board are properly accounted for and controlled.
- 1.2 Any variation of these Regulations shall only be made by a resolution of the Board.
- 1.3 The Chief Executive shall be responsible to the Board for overall financial control of the Board's financial affairs and the continuous provision of financial management information.
- 1.4 The Chief Executive/Finance Officer shall, where appropriate, prepare additional rules of procedure, supplementary to these Regulations, to ensure the maintenance of financial control and security.
- 1.5 The Chief Executive/Finance Officer shall be responsible for determining the format of the Board's accounting systems, annual accounts and supporting records and shall ensure that the accounting systems determined by him are observed and that the accounts of the Board and supporting records are kept up to date.
- 1.6 The Chief Executive/Finance Officer shall be responsible for maintaining an adequate and effective internal audit of the accounts of the Board.
- 1.7 The Chief Executive/Finance Officer shall ensure that the Board's annual accounts are prepared as soon as possible after 31 March, and in accordance with the dates as set out in the Accounts and Audit Regulations 2015 (as amended).

2. CONTRACTS

- 2.1 The following procedures shall be employed in connection with the procurement of Goods and Services:-

Estimated Value of Goods/Services
Up to £2,500
£2,501-£10,000

Action to be taken
No quotation/tenders required
Obtain 2 verbal quotations

- 2.2 Tendering may be selective or open, although, whenever possible, selective tendering shall be used and tenders invited to reasonably ensure that the required number of tenders are received.
- 2.3 Where it is considered there are valid reasons for departing from the procedures in (2.1) above, the Board's approval shall be obtained.
- 2.4 Valid Reasons would include the purchase of specialist goods or services for which there are only one or two suppliers or in emergency situations.
- 2.5 Tenders shall be opened, not earlier than the closing date prescribed in the tender documents, in the presence of at least two of the following: Chief Executive, Finance Officer, the Chief Engineer, the Chairman or Vice Chairman the Board or other suitable member.

A declaration shall be signed to such effect by the persons present at the opening of the tender(s).

- 2.6 Where a tender is accepted other than the lowest, the Board's approval shall be obtained.

3. **RESPONSIBILITY OF OFFICERS**

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

4. **ESTIMATES**

- 4.1 The Chief Executive/Finance Officer/Chief Engineer shall be responsible for the preparation of annual Estimates which will be presented to the F&GP Committee to allow recommendations to be put to the Board on the level of the penny rate and council special levies.
- 4.2 The Chief Executive/Finance Officer/Chief Engineer shall produce a 3-year budget forecast and present to the Board.
- 4.3 The Estimates shall be approved by the Board each year in November in order that the rates and special levies can be determined.
- 4.4 The Board shall be kept informed by the Chief Executive of the overall financial position of the Board's finances through financial reports to Board Meetings and other reports as necessary.

5. **BANKING**

- 5.1 The Chief Executive/Finance Officer shall advise the Board's bankers in writing of the conditions under which each bank account held in the name of the Swale & Ure Drainage Board shall be operated.
- 5.2 All payments shall be made by either Cheque, BACS or Direct Debit. All cheques will be signed by the Chief Executive and Chair or Vice Chair. All BACS authorisations will be signed by the Chief Executive/Finance Officer.
- 5.3 All payments over £2,000 will be approved by the Chief Executive/Finance Officer and the Chair.
- 5.4 The Chief Executive may hold a business credit card with a limit of £5,000 per annum.
- 5.5 Surplus funds may be invested on short term deposits with the Board's bankers.

- 5.6 Bank reconciliations shall be performed monthly by the Finance Officer. These will be reviewed by the Chief Executive.
- 5.7 The Chief Executive/Finance Officer shall ensure that bank account balances are managed to produce maximum benefits for the Board, but only those banks listed on the Bank of England's approved list shall be used.

6. **INCOME**

- 6.1 A record shall be kept for all cheque, BACS and cash payments received by the Board and must show:
- (a) date of receipt
 - (b) amount received
 - (c) type of remittance
 - (d) reason for payment.
- 6.2 Board monies shall not be used for the encashment of private cheques.
- 6.3 All cheques, cash, etc. received shall be banked at least weekly. Disbursements shall not be made from cash received. Banking shall be daily when unusually large sums are received.
- 6.4 Keys to safes shall only be available to designated Officers.
- 6.5 The Chief Executive/Finance Officer shall be responsible for ensuring that all monies received are properly brought to account in the Board's accounting records.
- 6.6 Any debts not recoverable should only be written off with the Board's approval.

7. **PURCHASES OF GOODS AND SERVICES**

- 7.1 The Chief Executive/Finance Officer to the Board shall have the authority to effect the purchase of goods and services up to the value of £10,000 and the ordering of general repairs to the Board's assets up to the value of £10,000.
- 7.2 The Chief Executive/Finance Officer to the Board shall seek the Chair of the Board's authority to effect the purchase of goods and services over the value of £10,000.
- 7.3 For all goods and services with a value of £20,000 and over, the Board's approval shall be obtained prior to the purchase being effected.
- 7.4 The requirement under Financial Regulation (7.3) may be dispensed with if the goods or services are required urgently such that it would not be feasible or practical to obtain the Board's approval. In such cases, the Chair's approval shall be obtained and later ratified by the Board.
- 7.5 It shall be the duty of the Chief Executive/Finance Officer to ensure that goods and services exceeding £100 are officially ordered in writing and are necessary for the efficient working

of the Board's operations.

- 7.6 All invoices for payment shall be examined, coded and approved by the person responsible for the order and certified by the Chief Executive/Finance Officer and/or the Chief Engineer.
- 7.7 See Section 2 Contracts for further Financial Regulations in connection with the purchase of goods and services.

9 **STOCK**

- 9.1 Stock records shall be in such a form and shall comply with such systems of control as the Chief Executive/Finance Manager shall approve.
- 9.2 All goods received shall be checked as regards quantity and/or weight and inspected as to quality and specification. A delivery note shall be obtained from the supplier and signed by the person receiving the goods.
- 9.3 All goods issued from stock shall be properly accounted for and recorded.
- 9.4 All breakages and losses of goods held in stock shall be recorded and reported to the Chief Executive/Finance Officer to take appropriate action.
- 9.5 There shall be a physical check of all items in stock at least once a year and the stock taking records shall be signed by the responsible Officers.

10 **ASSETS**

- 10.1 All assets over £5,000 (as per ADA guidance) in value owned by the Board shall be accounted for in an asset register maintained by the Chief Executive/Finance Officer. The asset register shall reflect additions and disposals of assets and record the cost or valuation of the assets.
- 10.2 At least once a year, the Chief Executive/Finance Officer shall prove the accuracy of the asset register with a physical inspection of the Board's assets.
- 10.3 The asset register shall be placed before the Board for inspection at the earliest opportunity following the completion of the annual Accounts.
- 10.4 Any sale of Board assets will be disposed of through competitive Tender where the value of the asset exceeds £1,000.
- 10.5 Tenders shall be dealt with in accordance with section 2.5.
- 10.6 Where a Tender is accepted, other than the highest, Board approval shall be obtained.

11 **AUDIT**

- 11.1 As a requirement of the Accounts and Audit Regulations 2015 (as amended) the Chief Executive/Finance Officer shall arrange for an internal audit of accounting, financial management and other operations of the Board to take place. This audit will be undertaken by an external person qualified to perform this function. The Chief Executive shall ensure that the auditor's report is presented to the Board at each Board Meeting.

11.2 Authority of Internal Audit

Auditors are authorised to:

- (a) access/enter at all reasonable times any Board premises or land
- (b) have access to all assets, records, documents, minutes, correspondence and control systems relating to any aspect of the Board
- (c) require and receive any information and explanation considered necessary concerning any matter under examination
- (d) require any Officer of the Board to produce or account for cash, stores or any other Board asset under his or her control
- (e) request access to records belonging to third parties such as Contractors or partners
- (f) have full and free access to all Officers, Members and Committees
- (g) allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accompany audit objectives.

Auditors are not authorised to:

- (a) perform any operational duties for the Board, unless in exceptional circumstances where specific approval is given by the Chief Executive/Finance Officer
- (b) initiate or approve accounting transactions
- (c) direct the activities of any Board Officers except to the extent such Officers have been appropriately assigned to assist the Internal Auditor.

- 11.3 In addition all Officers of the Board are required to assist the External Auditor, or his/her authorised representative, in the performance of his/her duties under the Audit Commission Act 1998.

12 **FRAUD OR OTHER IRREGULARITIES**

- 12.1 The Chief Executive or any other Officer concerned shall immediately notify the Chief Executive and/or the Internal Auditor for any matter which involves, or is thought to involve irregularities concerning cash, stores or other property of the Board or any suspected irregularity in the exercise of the functions of the Board.
- 12.2 Any financial irregularity involving an Officer of the Board will be considered gross misconduct.

13 **WRITE OFFS**

13.1 The Chief Executive/Finance Officer shall have the authority to write off the following:-

- (a) any debt under Officer Delegated Powers – (see Section 6 above)
- (b) damaged or stolen goods for which it is not considered that the Board may make A valid insurance claim, where those goods do not form part of a stock account.
- (c) surplus goods and materials
- (d) goods, vehicles or materials that are considered to have no material value due to deterioration or obsolescence.

13.2 Responsible officers shall inform the Chief Executive/Finance Officer of any items under 13.1(b) – (d) above that they consider should be written off together with:

- details of the item or debt to be written off
- the circumstances necessitating the write off
- the reasons why he/she considers that the debt is irrecoverable or that
- no proceeds on sale would accrue to the Board.

13.3 Where any items to be written off do constitute part of a stock account, the procedures for recording the write off within the Board's accounts and the method of disposing of the goods shall be approved by the Chief Executive/Finance Officer. The Chief Executive/ Finance Officer shall then make the appropriate adjustments to accounting records.

14. **MEMBERS' ALLOWANCES**

14.1 Payments to Members (including co-opted Members of the Board or its Committees), who are entitled to claim travelling or other allowances will be made by the Chief Executive/ Finance Officer upon receipt of the prescribed form.

15. **INSURANCES**

15.1 The Chief Executive/Finance Officer shall, in consultation with the responsible officer Initiate all insurance cover and negotiate all claims in consultation with other officers where necessary.

15.2 Responsible officers shall promptly notify the Chief Executive/Finance Manager of all new risks, properties or vehicles needing to be insured, and of any disposals or alterations affecting existing insurances.

15.3 Responsible Officers shall notify the Chief Executive/Finance Officer of any loss, liability or damage or any event likely to lead to a claim on any Board policy and shall, where appropriate notify the police of the relevant circumstances.

15.4 The Chief Executive/Finance Officer shall annually, or at such other period as he considers necessary, review all insurances held by the Board in consultation with other responsible Officers as appropriate.

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

16. **SECURITY**

- 16.1 Each Officer is responsible for maintaining proper security for all buildings, stores, vehicles, equipment, cash, documents and information under his/her control. Each Responsible Officer shall consult the Chief Executive/Finance Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 16.2 All officers of the Board have a duty to comply with the requirements of the Data Protection Act 2018 and any amending legislation. Responsible officers should ensure that Officers are aware of their responsibilities under this legislation through the provision of suitable training and the circulation of relevant information on the subject.
- 16.3 Maximum limits for cash holdings of £1,000 should not be exceeded without the knowledge of the Chief Executive.
- 16.4 Keys to safes and similar receptacles are to be secured by delegated Responsible Officers. A list of such key holders shall be supplied to the Chief Executive/Finance Officer. Where keys are transferred between officers the new recipient assumes responsibility. The loss of any keys must be reported immediately to the Chief Executive/Finance Officer.

17 **PROTECTION OF PRIVATE PROPERTY**

- 17.1 Each responsible officer shall notify the Chief Executive/Finance Officer of any case where steps are necessary to prevent or mitigate loss or damage of moveable property.
- 17.2 The Board shall not be liable for accidental loss of or damage to the personal possessions which Officers use whilst on Board business that are not included under the Board's Insurance Policies.
- 17.3 All recovered valuables such as jewellery, watches and other small items of a similar nature and documents of title shall be recorded and kept under safe custody as directed by the Chief Executive/Finance Officer who will report the matter to the Police. Items not claimed shall be determined to be the Board's property and shall be disposed of in a manner approved by the Chief Executive/Finance Officer.
- 17.4 In the event of theft of personal items from Officers, a full report shall be made by the affected Officer as soon as the theft has been discovered. All such incidents shall be recorded and investigated. Where possible, the Chief Executive/Finance Officer or Responsible Officer shall make appropriate recommendations to improve security.

18 INTERNAL CONTROLS ASSURANCE

- 18.1 The Board should conduct a review, at least once a year, of the effectiveness of its systems of internal control. The Regulations also require that following the review, the Board must approve an annual governance statement, prepared in accordance with proper practices in relation to Internal control.

19 REVIEW

- 19.1 These Financial Regulations shall be reviewed at least every 5 years by the Board, unless changes to legislation deem an earlier review required.

Adopted by the Swale & Ure Drainage Board 04 February 2021

Signed (Chair)

Next Review: January 2026