

# West London Waste

*Treating waste as a valuable resource*

## **Financial Regulations**

Minor amendments approved by the Clerk in January 2022.

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## INTRODUCTION

1. Financial management covers all financial accountabilities in relation to the running of the Authority.
2. These Financial Regulations provide the framework within which the Authority manages its finances and safeguards its assets. They are binding on all employees.

## THE TREASURER'S ROLE

3. The Treasurer is responsible for
  - I. Ensuring that Authority Members and Officers are advised of the financial implications of all proposals as appropriate;
  - II. The proper administration of the Authority's financial affairs, including the selection of computerised accounting software;
  - III. Setting and monitoring compliance with financial regulations;
  - IV. Advising on the Authority's financial position and on the key financial controls necessary to secure sound financial management;
  - V. Providing financial information and preparing the Revenue Budget, Capital Programme, and Medium Term Financial Strategy.
  - VI. Treasury Management
  - VII. The preparation of the Annual Statement of Accounts and the Annual Governance Statement in accordance with proper practices including the selection of the Authority's accounting policies and ensuring they are applied consistently.
  - VIII. Authorising on behalf of the Authority within the approved Officers Scheme of Delegation and Procurement Rules
  - IX. The approval of all financial schemes of delegation
  - X. Internal audit, risk management and insurance – ensuring that auditors have access to those records, assets, property and employees as are necessary for audit purposes.
  - XI. Application of any Authority wide spending restrictions.
  - XII. Issuing levies on Constituent Councils of the Authority, Clause 7 of the Waste Regulation and Disposal (Authority) Order 1985.
  - XIII. Approving grant applications
4. Section 114 of the Local Government Finance Act 1988 requires the Treasurer to report to Members and the external auditor if the Authority or one of its Officers:
  - i. Has made, or is about to make, a decision which involves incurring unlawful expenditure, or
  - ii. Has taken, or is about to take, unlawful action which has resulted or would result in a loss or deficiency to the Authority, or
  - iii. Is about to make an unlawful entry in the Authority's accounts.
5. Section 114 of the 1988 Act also requires
  - i. The Treasurer to nominate a properly qualified member of staff to deputise for them should they be personally unable to perform their duties under Section 114
  - ii. The Authority to provide the Treasurer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out their duties under Section 114.

## MANAGING DIRECTOR'S ROLE

6. The Managing Director is responsible for ensuring that Members are advised of the financial implications of all proposals as appropriate and that the financial implications have been agreed

by the Treasurer.

7. It is the responsibility of the Managing Director and Senior Officers to consult with the Treasurer and seek approval on any matter liable to affect the Authority's finances materially for both income and expenditure, before any commitments are incurred or entered into.
8. It is the responsibility of the Managing Director and Senior Officers to ensure that all departmental financial reporting on past and current activities is reconcilable to the Corporate Accounting System.
9. Authorising contracts on behalf of the Authority within the approved Officers Scheme of Delegation and Contract Procedure rules.
10. Complying with any Authority spending restriction protocol determined by the Treasurer.

### **THE MONITORING OFFICER AND CLERK TO THE AUTHORITY'S ROLE**

11. The Clerk to the Authority shall be the officer designated as monitoring officer under Section 5 of the Local Government and Housing Act 1989.

### **BUDGET HOLDERS**

12. Managers and Budget holders are responsible for the financial affairs of their service area. The responsibilities of that role include:
  - Providing appropriate financial information to the Finance Director and finance team in a timely, accurate and appropriate form and level of detail.
  - Actively seeking additional income or savings opportunities, including grant and new financing opportunities.
  - Ensuring that the appropriate financial controls are in place to ensure that all the Authority's income (cash/cheques/debit and credit card) is paid into its bank accounts quickly and efficiently.
  - Ensuring value for money is obtained for the whole Authority when undertaking any procurement activity.
  - Reconciling all cash received by the service area on a regular basis (at least monthly, daily in Weighbridges)
  - Ensuring all monies due to the Authority are recorded accurately and recovered promptly.
  - Ensuring that all accounts payable (undisputed) are settled within 30 days unless special terms have been agreed by the Finance Director.
13. All employees are responsible for the efficient and cost effective use of resources within their control. They must ensure that at no time are any assets or other resources under their control put at risk of loss or waste.
14. All employees must ensure that the Financial Regulations are observed when carrying out their duties and responsibilities.
15. All financial dealings must be of the highest standard of propriety that is essential when dealing with public monies. An individual must immediately notify the Finance Director or Managing Director or Treasurer whenever a matter arises which involves or is thought to involve a financial irregularity.
16. All employees must notify the Managing Director, in writing, of any direct or indirect interest or any personal connection whatsoever that they may have in or with any organisation with which they are dealing on behalf of the Authority. The Managing Director may require that such dealings be undertaken by another employee to ensure impartiality.

17. Managers and Budget Holders may incur revenue expenditure in line with Tender and Contract Regulations and for which financial provision exists in the approved revenue budget for that year (as delegated - Appendix 2).
18. Budget Holders will control their budgets and review current spending and income at regular intervals throughout the year.
19. Budget Holders will make every effort to contain expenditure within the approved budget but may seek approval from the Finance Director to transfer resources between budgets.
20. Any proposal to incur expenditure on new policies or growth shall be the subject of a report to, and approval, of the Authority.
21. The Managing Director may delegate authority to other employees to incur expenditure and shall keep a record of all such arrangements and notify the individual concerned of any limitations in scope, value or duration of the authorisation.
22. At the end of the financial year the Treasurer will report to the Authority on the outturn of expenditure and income against the approved budget for the year.
23. In exercising the authority to incur expenditure, budget holders shall have regard to the provisions of Procurement Rules.

#### Capital Expenditure

24. Capital investment plans comprise those schemes for which approval has been given by the Authority to incur all necessary expenditure to support the implementation of an approved scheme. No other capital expenditure shall be incurred unless the Authority has approved the scheme and made the necessary provision in the Capital Programme and revenue budget.
25. The Finance Director will co-ordinate the annual review of capital investment plans. This will include the identification of potential external sources of capital and revenue funding that may be available to assist the Authority in financing its investment plans.
26. The Treasurer may approve an increase of up to 10% in the provision of an individual approved scheme where the tender received is greater than the approved provision, or additional works or increased costs are involved. The relevant Senior Officer or Budget Manager must justify the need for the increase and any approval given must be within the overall level of the approved capital programme. Increases above 10% should be reported to the Authority for approval.
27. The Finance Director may approve the re-phasing of expenditure between years on approved schemes.
28. The Finance Director will submit regular reports to the Authority on the overall performance of the capital programme and the funding thereof.

#### Audit Requirements

29. The Accounts and Audit Regulations 2015 require the Authority to maintain an effective system of internal audit to evaluate the effectiveness of its risk management. An internal audit shall be carried out of the Authority's accounting records and accounting control systems in accordance with proper internal audit practices and any officer or member shall if required
  - Make available such documents for the purpose of the audit; and
  - Supply such information as considered necessary
30. Senior Officers must inform the Treasurer of any matter that involves or is thought to involve any financial irregularity in the exercise of the functions of the Authority. The Treasurer will advise on the course of action to be followed in resolving the irregularity and may arrange to carry out such audit enquiries as are considered necessary.

31. CIPFA Code of Practice for internal audit in local government in the UK requires an annual review of the effectiveness of the system of internal control.
32. An independent company created by the Local Government Association called The Public Sector Audit Appointments Limited (PSAA) is responsible for appointing external auditors to the Authority. The basic duties of the external auditor are governed by Section 15 of the Local Government Finance Act 1982, as amended by section 5 of the Audit Commission Act 1998.
33. Internal audit must be properly planned and determined through assessment or risk and consultation with management.
34. All audit reports must be reported to management who are responsible for taking suitable action in respect of identified control weaknesses. Once agreed they should be submitted to the Audit Committee. The terms of reference for the Audit Committee can be found on the public website.
35. Internal Audit will report annually to the Treasurer on the adequacy of the Authority's internal control systems.

#### Budget, Governance and Policy Framework

36. The Authority is responsible for approving and setting the Budget, Governance and Policy Framework, and any subsequent variations. The Treasurer and Clerk may approve minor changes.
37. The Treasurer and Managing Director are responsible for taking in-year decisions on resources and priorities in order to deliver the Budget within the financial limits set by the Authority.
38. The Managing Director is responsible for submission of the Authority Annual Business Plan, which will include proposals for delivering financial savings, key performance indicators, service and staff development and improvement

#### Budgeting

39. The format of the budget will be approved by the Authority on the advice of the Treasurer and will reflect the priorities of the Authority. A draft budget should include allocation to
  - Employees
  - Premises
  - Waste Transfer and Disposal - Payments to third parties, separately identifying all contracts/payments over £500K to one company
  - Supplies and Services
  - Depreciation
  - Financing and other
  - Income

#### Maintenance of Reserves

40. The Treasurer is responsible for advising the Authority on the appropriate and prudent levels of reserves for the Authority.

#### Risk Management

41. It is essential that robust integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks to the Authority. This should include the proactive participation of all those associated with planning and delivering services.
42. The Audit Committee is responsible for reviewing the Risk Register and reviewing the effectiveness of risk management strategy. The Committee will receive updates from the Finance Director at each of their meetings.

43. The Treasurer is responsible for the preparing the Authority's Risk Management Policy and procedures and for promoting these throughout the Authority.

#### Internal control

44. Internal control refers to the systems of control designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies and objectives. The Authority has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
45. The Treasurer is responsible for advising on effective systems of internal risk control. These arrangements need to ensure compliance with the law and proper standards. They should ensure that the Authority's funds are safeguarded and properly accounted for.
46. It is the responsibility of The Managing Director and senior officers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy efficiency and effectiveness and for achieving their financial and operational performance targets.

#### Preventing fraud and corruption

47. The Treasurer is responsible for the development and maintenance of a counter-fraud and anti-corruption policy.
48. All employees must immediately inform the Finance Director or Managing Director or Treasurer or Clerk to the Authority or Internal Audit of any incident or circumstance which gives rise to the suspicion that some kind of fraud, misappropriation or financial irregularity may be taking place or may have taken place in connection with the activities of the Authority.

#### Assets

49. The Managing Director and Senior Officers should ensure that records and assets 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.
50. The Finance Director shall maintain a register of Authority Assets. This will include all property and infrastructure and those vehicles, plant, furniture and equipment having a value in excess of £5,000. Inventories of items of value, below this limit will be maintained e.g. laptops, desktops etc.
51. Budget Holders are responsible for ensuring that all assets in their control are appropriately maintained.
52. The proposed sale of any asset must in the first instance be discussed with the Managing Director and Finance Director, who will seek approval from the Treasurer/Authority in line with financial delegations.
53. Budget holders must ensure that value for money is obtained for every disposal and maintain adequate records demonstrating value for money, the reasons for the disposal and that the assets are obsolete or surplus to requirements.
54. Budget holders should take advice from the Managing Director and Finance Director on the appropriate method of disposal.
55. When disposing of assets Budget Holders must assure themselves that the assets concerned are the property of the Authority (rather than a leasing company) before disposing of them.

#### Inventories and stocks

56. Managers are responsible for the care and protection of all furniture, equipment, vehicles, plant and stock within their control. All items which managers consider to be potentially vulnerable because of their value, usefulness or portability should be recorded on an inventory. As a guide,

examples would include computer equipment and software, cameras, electrical tools and equipment.

- Item description and serial number
- Supplier Name
- Date of purchase
- Location at which held, and where relevant the employee to whom the item was issued.
- Value at date of purchase

57. All items should bear security markings identifying them as belonging to the Authority.

58. Inventories should be verified annually and any discrepancies reported to the Finance Director.

59. The Finance Director may write off redundant, obsolete or damaged items in accordance with values set out in the Scheme of Delegation.

### Treasury Management

60. The Treasurer is responsible for the Treasury Management Strategy which will be reviewed on an annual basis. The Authority has adopted the key recommendations of CIPFA's *Treasury Management in the Public Services Code of Practice*.

61. The Treasurer is responsible for ensuring that the Authority has put in place formal and comprehensive and appropriate objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

### Staffing

62. The Managing Director is responsible for overall management of staff and is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

63. The Managing Director is responsible for controlling staff numbers by

- Advising the Authority on the budget necessary in any given year to cover estimated staffing levels
- Adjusting the staffing to a level that can be funded within approved budget provision varying the provision as necessary within that constraint in order to meet changing operational needs
- Ensuring that all proposals to create new posts are fully costed and the availability of funding checked with the Finance Director before seeking Authority approval.
- The proper use of appointment procedures
- Ensuring that any change to the grading of posts are achieved within cash limited budgets

### Petty Cash

64. No petty cash floats will be held

### Credit cards

65. Credit cards can be used for the purchase of goods online, suppliers who can only be paid via credit card, or from ad hoc suppliers which are not used on a regular basis plus fuel. It is the responsibility of the budget holder and Finance Manager to ensure that the cards are used appropriately and that the relevant supporting evidence is provided to finance as required – normally on a monthly basis. Under no circumstances can credit cards be used for personal purchases.

### Banking Arrangements

66. The Treasurer is responsible for approving bank account signatories.

67. The Treasurer will make all arrangements with the Authority's bankers. Two authorised bank signatories must approve any new bank accounts.
68. Bank accounts must be reconciled to the Authority's cash books on a monthly basis.
69. The Treasurer is responsible for the secure administration of funds held on behalf of third parties.

#### Financial Systems and Procedures

70. Sound systems and procedures are essential to an effective framework of accountability and control.
71. The Treasurer is responsible for the operation of the Authority's General Ledger and its accounting systems, the form of accounts and the supporting financial records.
72. The Treasurer is responsible for ensuring that staff receive relevant financial training.
73. The Finance Director must ensure that use of computer and other information systems are registered in accordance with data protection legislation. The Managing Director must ensure that staff are aware of and comply with freedom of information legislation.

#### Income and Expenditure

74. It is the responsibility of the Finance Director to ensure that a proper financial scheme of Delegation (Appendix 2) has been established and is operating effectively. The Financial Scheme of Delegation should identify staff authorised to act on the Managing Director's behalf in respect of payment requests, income collection and placing and approving orders, together with the limits of their authority.
75. New debtor and creditor accounts can only be set up with the approval of the Finance Manager whose responsibility it is to ensure that appropriate checks have been carried out on the companies concerned.
76. The Authority commits to paying all undisputed invoices within 30 days from the date of receipt. Payment terms of less than 28 days can only be agreed with the approval of the Finance Director.
77. The Treasurer is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

#### Payment of Invoices

78. Before any invoice is authorised for payment, a number of fundamental checks must be undertaken by the authoriser:
  - (i) That goods of the appropriate quality have been received in accordance with the order/contract and that any approved variation has been authorised and recorded on the copy order/contract
  - (ii) That the prices are in accordance with those quoted on the order/contract
  - (iii) That a payment has not already been made for the items in question.
  - (iv) That the invoice is arithmetically correct, and properly coded.
  - (v) That any applicable discounts have been taken.

#### Income

79. The Treasurer is responsible for ensuring that income due to the Authority is identified and charged in accordance with approved fees and charges and all money is banked without delay

and is properly recorded

80. Accounts receivable / income collection systems will be reconciled to the bank account and general ledger on a monthly basis
81. Debt will be pursued in accordance with recovery procedures / timescales and the effectiveness of income collection will be monitored
82. All appropriate income documents will be retained in accordance with the document retention schedule (appendix 1).

#### Leasing arrangements

83. The Budget Holder will seek advice from the Finance Director as to whether any finance or operating lease or lease rental agreement may be financially advantageous to the Authority.

#### Payments to Employees

84. The Treasurer is responsible for all payments of salaries, wages and expenses to staff, including payments for overtime, honoraria etc and submission of tax returns to HM Revenue and Customs by their due date for the above. The Treasurer is also responsible for the timely provision of information, and the maintenance of sound financial controls to meet the responsibilities in connection with taxation issues arising from payments to employees.
85. Nationally agreed pay rises will only be implemented on the approval of the Finance Director having taken due regard to the budget being available.

#### Interim Management Appointments

86. Interim Management Appointments can only be engaged with the authorisation of the Managing Director
87. Prior to the appointment of an interim, the Managing Director must be clear as to the scope and objectives of the proposed work. Consideration should be given to preparing a detailed brief covering:
  - (i) Background to the project, including details of source documentation available for inspection
  - (ii) Project objectives and timetable
  - (iii) Expected product or service
  - (iv) Details of any contributions to the project by the client department
  - (v) Reporting requirements
  - (vi) Contact name and number

#### Taxation

88. The Treasurer is responsible for advising the Managing Director, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Authority.
89. The Treasurer is responsible for maintaining the Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.
90. Senior Officers with responsibility for finance and budget holders are responsible for ensuring that the appropriate controls and procedures are operated in relation to taxation issues.

#### External Funding

91. The Treasurer is responsible for ensuring that all funding notified by external bodies is received and properly accounted for.

## IT Systems

92. The Authority must approve the procurement of major corporate systems in accordance with the Procurement Rules and scheme of delegations.
93. To promote a consistent acquisition strategy and ensure value for money, the acquisition of all other systems should be undertaken in consultation with the Finance Director and in line with Tender and Contract Regulations.
94. Adequate arrangements must be made for the maintenance and support of all computer equipment and software including
  - Maintenance and repair including programme upgrades, virus software;
  - Disaster Recovery;
  - Security back-ups;
  - Nomination of an employee to act as system administrator for each system who is also responsible for ensuring that when employee's responsibilities change or leave the authority that access is amended/disabled, and relevant systems are registered under the Data Protection Act 1998 and that relevant provisions are fulfilled.
95. All employees allowed access to the system must comply with computer use requirements set out in the employee Code of Conduct.

## Insurance

The Treasurer shall

96. Put in place suitable arrangements to meet the Authority's insurance requirements.
97. Undertake a review of requirements to support the annual renewal of insurance contracts and that insurance provisions are adequate to meet anticipated claims.
98. Monitor performance of the insurance programme and submit reports as appropriate to the Authority.
99. Ensure and promote the development and maintenance of a risk management strategy and supporting management procedures to minimise risk and exposure to losses.

## Acceptance of Gifts and Hospitality

100. There is a presumption that employees will not accept gifts or hospitality from third parties. Where this may cause offence to do so employees are required to discuss with the Finance Director what action should be taken. Employees must follow the gift and hospitality requirements set out in the employee Code of Conduct which can be found at <http://westlondonwaste.gov.uk/staff/wp-content/uploads/downloads/2013/08/Code-of-Conduct.pdf>. This requires reporting details including:

- Date of receipt
- Nature of hospitality/details of gift
- Approximate value

Exceptions to this are calendars/pocket diaries and "working lunches" where these are of nominal value.

101. Where a member of staff declines an offer of hospitality or a gift – this too should also be recorded

## Review of Finance Regulations

The Finance Director is responsible for ensuring that finance regulations are reviewed every three years

## APPENDIX 1

### Document Retention

	<u>Document Type</u>	<u>Retention Period</u>
	Annual Accounts	Permanent
	Budget monitoring	Destroy after 2 years
	Accounting records including invoices	Destroy 6 years after the end of the financial year to which they belong
	Contract files (ordinary contracts)	Destroy 6 years after the term of the contract has expired
	Contract Files (contracts under seal)	Destroy 12 years after the term of the contract has expired
	Tender files – opening notice, tender envelope	Destroy 1 year after start of contract
	Tender files – Ordinary tender	Destroy 6 years after the term of the contract has expired
	Market evaluation, soft market testing	Destroy 1 year after the letting of the contract
	Tender files – Pre-tender advice	Destroy 2 years after contract let or not proceeded with
	Tender files – contract under seal	Destroy 12 years after the contract has Expired
	Tender files – unsuccessful tenders	Destroy 1 year after start of contract
	Weighbridge tickets	Destroy after 3 years
	Annual scheme of financial delegation for employees	Destroy after 3 years
	Insurance claims	Destroy 7 years after the claim has been settled
	Insurance policies	Destroy 7 years after the policy has expired.
	Risk registers	After 7 years

## APPENDIX 2

### EXAMPLE FINANCIAL DELEGATIONS 20XX/20XX

I am delegating financial authority as below to you for the current financial year. You may exercise that authority subject to compliance with this delegation, the Authority's Financial Regulations and Procurement Rules.

#### Budgetary Authority

You are delegated budget(s) of the following amounts, which you must not exceed without my permission

Cost Code	Budget name	Amount

#### Financial Authority

You may use your budget for the purposes of delivering Business Plan Objectives. You may not commit to new ongoing expenditure without reference to me, for example any price increases which are not specifically included within the contract terms, subscription costs, new contracts or agreements

#### Procurement Authority

You may place orders for goods and services without further reference following all documented guidance – e.g. Tender and Contract Regulations

If in any doubt, please refer to either the Finance Director or me.

#### Authorisation of Invoices/Expense claims

You may authorise invoices up to £XXXXXX in respect of your budgets where you are satisfied payment is properly due.

You may authorise overtime to a maximum of £XXX per month where there are vacancies for permanent or temporary staff but you may not make amendments to pay.

#### Delegation

You may sub-delegate these authorities to your managers, having ensured that they have had the appropriate level of training for the task. A copy should be provided to the Finance Director.

Managing Director's Signature  
Date