



AGENDA ITEM: 10

NORTH WALES FIRE AND RESCUE AUTHORITY

16 June 2014

REVIEW OF FINANCIAL REGULATIONS AND ANTI-FRAUD AND CORRUPTION POLICY

Report by Ken Finch, Treasurer to the Authority

Purpose of Report

- 1 To seek approval of the updated Financial Regulations and Anti-Fraud and Corruption policy for the Authority.

Background

- 2 Following the Annual Governance self-assessment exercise for 2013-14, one of the action points for this financial year was to update the Financial Regulations and Anti-Fraud and Corruption policy as they are now due for review.

Information

- 3 Financial Regulations provide the framework necessary to control the Authority's financial matters whilst at the same time encouraging best value and promoting local accountability.
- 4 Financial Regulations outline the approved system of corporate financial control to secure the proper administration of the Authority's financial affairs, as required by Section 151 of the Local Government Act 1972.

- 5 The Anti-Fraud and Corruption policy is the framework for good ethical governance within the Authority. The policy sets out the Authority's commitment to the prevention and detection of fraud and corruption.
- 6 The policy is based on a series of comprehensive and inter-related procedures designed to deter, frustrate, or take effective action against any attempted fraudulent or corrupt acts affecting the Authority.
- 7 The Authority's Financial Regulations and Anti-Fraud and Corruption policy have not been reviewed for a number of years and it has therefore been necessary to do so to bring them up to date with legislative changes and practices
- 8 In reviewing and drafting both documents, officers have liaised with its counterparts in Mid and West Wales and South Wales Fire and Rescue Authorities to produce regulations appropriate for the three Authorities.

Recommendation

- 9 Members are requested to approve the updated Financial Regulations and Anti-Fraud and Corruption Policy for use within the Authority.

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SECTION 1 – STATUS

- 1.1 Financial Procedures provide the framework for managing the Authority's financial affairs, and are part of the North Wales Fire Authority's constitution. They apply to every member and officer of the Authority, and anyone acting on its behalf.
- 1.2 The purpose of the Financial Procedures is to ensure that public accountability and high standards of financial integrity are exercised in the control of public funds that pass through the Authority. The Financial Procedures govern the day to day operation of the Authority's financial administration. They are introduced both to protect the interests of the Authority, and all those who are involved with financial administration.
- 1.3 All members and officers 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, properly authorised, provides value for money and achieves best value.
- 1.4 The Treasurer is responsible for maintaining a continuous review of the Financial Procedures, and for submitting any additions or changes necessary to the Authority for approval. The Treasurer is also responsible for reporting, where appropriate, any breaches of Financial Procedures. In the event of dispute as to the meaning of any of the provisions of the Financial Procedures the matter shall be determined by the Treasurer whose decision shall be final.
- 1.5 Where in the Financial Procedures, an officer is designated by reference to his /her job title, the responsibilities shall relate to the post holder. Such an officer may arrange for officers under his/her supervision or management to carry out any of the obligations, duties or activities required to be performed by him/her under the Financial Procedures, or to act in his/her absence, provided that the named post holder shall retain responsibility to the Authority.
- 1.6 The Treasurer is responsible for issuing advice and guidance to underpin the Financial Procedures that Members, officers and others acting on behalf of the Fire and Rescue Authority are required to follow.
- 1.7 Principal Officers are responsible for ensuring that all staff in their service areas are aware of the existence and content of the Authority's Financial Procedures, and guidance documents issued by the Treasurer, and that they comply with them. Failure to comply with the Financial Procedures, or the instructions issued under them, or any arrangements made for the purposes of them, will constitute misconduct.
- 1.8 Other related documents approved by the Authority include the General and Contract Standing Orders, Anti-Fraud and Corruption Strategy, Scheme of Delegations and Codes of Conduct.

SECTION 2 – FINANCIAL MANAGEMENT

- [General](#)
- [Managing Expenditure](#)
- [Treatment of Year End Balances](#)
- [Accounting Policies](#)
- [Accounting Records and Returns](#)
- [Annual Statement of Accounts](#)

GENERAL

Why is this Important?

- 2.1 Financial management covers all financial accountabilities in relation to the running of the Authority, including the budget and policy framework. All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

Key Controls

- 2.2 The key controls for financial management are:-
- to ensure the promotion of proper financial management throughout the Authority;
 - to have a system in place to review compliance with financial standards.

Responsibilities of the Treasurer

- 2.3 To be responsible, for the purposes of Section 112(2)(b) Local Government and Finance Act 1988 (as amended by the Fire and Rescue Services Act 2004 Sch 1, para 68(3)) and section 114 of the Local Government and Finance Act 1988 for the proper administration of the Authority's financial affairs.
- 2.4 As the Authority's financial adviser, to:-
- report to the Authority on resource availability and resources allocation.
 - advise the Authority of the financial implications of proposals submitted to them.
 - keep the Authority informed with respect to the Authority's finances and financial performance and other committees informed with respect to financial implications of their activities.
 - advise on financial systems and procedures for all service areas of the Authority including advice to the Authority if inadequate systems exist.
 - advise the Authority on the financial aspects of all policy matters.
- 2.5 To set the financial management standards and to monitor compliance with them.
- 2.6 To ensure proper professional practices are adhered to and to act as head of profession in relation to the standards of finance staff throughout the Authority.

- 2.7 The Treasurer shall, after consultation with the Monitoring Officer, personally make a report to the external auditor and each Member if it appears to him/her that a Member, officer or partnership of which the Authority is represented:
- has made or is about to make a decision which involves or would involve the Authority in unlawful expenditure;
 - has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Authority;
 - is about to enter an item of account the entry of which is unlawful.
- 2.8 He shall also make such a report if it appears to him /her that the expenditure of the Authority incurred (and proposed to incur) in a financial year is likely to exceed the resources (including borrowings) available to meet that expenditure.

Responsibilities of Principal Officers

- 2.9 To ensure that that the Financial Procedures are followed and brought to the attention of all employees in their service areas.
- 2.10 To be responsible, in consultation with the Treasurer for:
- the financial administration of their service areas in compliance with the Financial Procedures;
 - the monitoring and control of expenditure against their service area capital and revenue budgets.
 - the design and operation of systems of internal control capable of:
 - i. carrying out the activities of the Authority in an effective and efficient manner;
 - ii. ensuring adherence to the Authority Policy Framework and Budget;
 - iii. safeguarding assets;
 - iv. securing, as far as possible the completeness and accuracy of records;
 - v. ensuring value for money and preventing waste.
- 2.11 To provide all information required by the Treasurer for finance purposes on a timely basis, and to allow him/her or an authorised representative access to all information, records, documents and explanations that he/she requires.
- 2.12 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- 2.13 To establish and maintain sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.
- 2.14 To allow the Treasurer adequate opportunity to provide written comments for inclusion in any reports having direct or indirect financial implications for decision by the Authority or any of its Committees or for the purpose of exercising delegated powers.

- 2.15 To consult with the Treasurer with respect to any matter within his/her purview which is liable to materially affect the finances of the Authority, before any provisional or other commitment is incurred or before reporting thereon to the Authority or any of its Committees.
- 2.16 To inform the Treasurer when officers intend to meet with representatives of Government Service areas or outside bodies on matters which may involve current or future financial or economic proposals and be given the opportunity of being represented or advised of the proposals as the Treasurer considers necessary.
- 2.17 To take action upon any internal audit reports to ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 2.18 To ensure that all employees who are responsible for financial administration are issued with appropriate instructions.
- 2.19 To ensure that there is a clear separation of duties within the administration of all systems to ensure adequate controls are in place.
- 2.20 To ensure processes are in place to maintain proper records of authorised signatories for all financial systems and to ensure that only these officers sign key documents such as orders, invoices, claims and payroll records.
- 2.21 To immediately notify the Monitoring Officer and the Treasurer in writing whenever any matter arises which involves, or is thought to involve, a breach of security, theft, or irregularities concerning cash, stores or other property of the Authority, or any suspected irregularity in the exercise of the functions of the Authority.
- 2.22 To liaise with the Monitoring Officer and the Treasurer in relation to the investigation of any suspected irregularities within their service area, in line with the Authority's Anti-Fraud and Corruption Strategy.
- 2.23 To ensure that all employees comply with the Financial Procedures and any instructions issued under them or any arrangements made for the purposes of them.
- 2.24 To ensure that any arrangements made under or for the purposes of the Financial Procedures should be in writing and where necessary conveyed in writing to relevant employees.
- 2.25 To promote the financial management standards set by the Treasurer in their service areas, and to monitor adherence to the standards and practices, liaising as necessary with the Treasurer.
- 2.26 To promote sound financial practices in relation to the standards, performance and development of staff in their departments.

MANAGING EXPENDITURE

Virement and in-year changes to the budget

Why is this Important?

- 2.27 The scheme of virement is intended to enable Principal Officers and their staff to manage budgets with a degree of flexibility within the overall budget and policy framework determined by the full Fire and Rescue Authority, and therefore to optimise the use of resources.

Key Controls

- 2.28 Key controls for the scheme of virement are:
- the overall revenue budget is approved by the full Fire and Rescue Authority. Principal Officers and budget managers are, therefore, authorised to incur expenditure in accordance with the estimates that make up the budget. The rules below cover virement; that is, switching resources between approved budget headings;
 - virement does not create additional overall budget capacity. Principal Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should not support recurring revenue expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Principal Officers must plan to fund such commitments from within their own budgets;
 - the capital programme is drawn up in line with the Corporate Asset management plans and approved by the full Fire and Rescue Authority and contains details of approved expenditure on capital schemes.
- 2.29 The Medium Term Financial Plan is a resource framework covering a number of years. It is a planning tool reflecting the resource implications of delivering Authority policies as enshrined within the Improvement Plan and other planning documents. It does not represent authority to spend.

Responsibility of Principal Officers

- 2.30 Virement of sums not exceeding £100,000 provided under specific published budget heads to other purposes.
- 2.31 To refer to the Fire and Rescue Authority for approval, virements in excess of £100,000 provided under the specific published budget heads. A report will be prepared by the appropriate Principal Officer, in consultation with the Treasurer.

Responsibilities of the Treasurer

- 2.32 To refer to the Fire and Rescue Authority for approval, virements in excess of £100,000 provided under the specific published budget heads. A report will be prepared by the appropriate Principal Officer, in consultation with the Treasurer.
- 2.33 Nothing in these regulations is intended to prevent spending in emergency circumstances as agreed between the Chief Fire Officer and the Treasurer or Monitoring Officer.

TREATMENT OF YEAR END BALANCES

Why is this Important?

- 2.34 It is important to have a set of rules for the proper treatment of year end balances.

Key Controls

- 2.35 Appropriate accounting procedures are in operation to ensure that carried forward totals are correct.

Responsibilities of the Treasurer

- 2.36 To transfer to reserves and provisions any appropriate under-spending arising from the outturn at financial year ends.
- 2.37 To report to the Fire and Rescue Authority as part of the budget process on the Authority's financial standing.

ACCOUNTING POLICIES

Why is this Important?

- 2.38 The Treasurer is responsible for the preparation of the Authority's statement of accounts, in accordance with proper practices as set out in the format required by the relevant codes of practice on local authority accounting in the United Kingdom, for each financial year ending 31 March.

Key Controls

- 2.39 The key controls for accounting policies are:
- systems of internal control are in place that ensure that financial transactions are lawful;
 - suitable accounting policies are selected and applied consistently;
 - proper accounting records are maintained;
 - financial statements are prepared which present fairly the financial position of the Authority and its expenditure and income.

Responsibilities of the Treasurer

2.40 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies are set out in the statement of accounts, which is prepared at 31st March each year, and covers such items as:

- separate accounts for capital and revenue transactions;
- the basis on which debtors and creditors at year end are included in the accounts;
- details on substantial provisions and reserves;
- fixed assets;
- depreciation;
- financial instruments;
- work in progress;
- stocks and stores;
- deferred charges;
- accounting for value added tax;
- government grants;
- leasing.

Responsibilities of Principal Officers

2.41 To adhere to the accounting policies and guidelines approved by the Treasurer.

ACCOUNTING RECORDS AND RETURNS

Why is this Important?

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

2.43 The key controls for accounting records and returns are:

- finance staff and budget managers operate within the required accounting standards and timetables;
- all the Authority's transactions, material commitments and other essential accounting information are recorded completely, accurately and on a timely basis;
- procedures are in place to enable accounting records to be reconstituted in the event of systems failure;
- reconciliation procedures are carried out to ensure transactions are correctly recorded;
- prime documents are retained in accordance with legislative and other requirements.

Responsibilities of the Treasurer

- 2.44 To determine the accounting procedures and records for the Authority.
- 2.45 To arrange for the compilation of all accounts and accounting records under his or her direction.
- 2.46 To comply with the following principles when allocating accounting duties:
 - separating the duties of providing information about sums due to or from the Authority and calculating, checking and recording these sums from the duty of collecting or disbursing them;
- 2.47 To make proper arrangements for the audit of the Authority's accounts in accordance with the current Accounts and Audit Regulations.
- 2.48 To certify and ensure that all claims for grants and other financial returns required by Government Departments and other bodies are made by the due date.
- 2.49 To prepare and publish the audited accounts of the Authority for each financial year, in accordance with the statutory timetable and with the requirement.
- 2.50 To determine the retention period of financial records where there are no requirements prescribed by statutory or other external regulations.

Responsibilities of Principal Officers

- 2.51 To consult and obtain the approval of the Treasurer before making any changes to accounting records and procedures.
- 2.52 To comply with the following principles when allocating accounting duties:
 - separating the duties of providing information about sums due to or from the Authority and calculating, checking and recording these sums from the duty of collecting or disbursing them;
- 2.53 To maintain adequate records to provide a management trail leading from the source of income/expenditure through to the accounting statements.
- 2.54 To ensure that the retention periods of financial records, as determined by the Treasurer, are complied with. Where retention periods are prescribed by statutory or other external regulations, the Principal Officer should ensure that these are complied with.
- 2.55 To ensure that financial records are not disposed of other than in accordance with prescribed statutory requirements and as approved by the Treasurer.
- 2.56 To supply information required to enable the statement of accounts to be completed in accordance with guidelines issued by the Treasurer.

ANNUAL STATEMENT OF ACCOUNTS

Why is this Important?

2.57 The Authority has a statutory responsibility to prepare its own accounts to present fairly its operations during the year.

Key Controls

2.58 The key controls for the annual statement of accounts are:

- the Authority is required to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of these affairs. In this Authority, that officer is the Treasurer;
- the Authority's statement of accounts must be prepared in accordance with proper practices as set out in the relevant codes of practice on local authority accounting in the United Kingdom and within International Financial Reporting Standards.

Responsibilities of Treasurer

2.59 To comply with Statements of Recommended Practice and International Financial Reporting Standards.

2.60 To sign and date the statement of accounts, stating that it presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March.

2.61 To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

2.62 To agree and issue letters of representation as appropriate

2.63 To facilitate the External Audit process leading to production of the external auditors report.

Responsibilities of Principal Officers

2.64 To comply with accounting guidance provided by the Treasurer, and to supply the Treasurer with information in the format, and by the date, requested.

SECTION 3 – FINANCIAL PLANNING

- [Performance Plans](#)
- [Revenue Budgeting and Monitoring](#)
- [Capital Budgeting and Monitoring](#)
- [Maintenance of Reserves](#)

PERFORMANCE PLANS

Why is this Important?

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

Key Controls

- 3.2 The Key Controls for performance plans are:
- to ensure that all relevant plans are produced and that they are consistent
 - to produce plans in accordance with statutory requirements
 - to meet the timetables set
 - to ensure that all performance information is accurate, complete and up to date
 - to provide improvement targets which are meaningful, realistic and challenging.

Responsibilities of the Treasurer

- 3.3 To advise and supply the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.
- 3.4 To contribute to the development of corporate and service targets and objectives and performance information.
- 3.5 To ensure that systems are in place to measure activity and collect the accurate financial information required and to provide said financial information to service areas to calculate their respective performance indicators.

Responsibilities of Principal Officers

- 3.6 To contribute to the development of performance plans in line with statutory and FRA requirements.
- 3.7 To contribute to the development of corporate and service targets and objectives and performance information.

- 3.8 To ensure that adequate systems are in place to measure activity and collect accurate and timely non-financial information for use as performance indicators.
- 3.9 To advise and supply, as appropriate, the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.

REVENUE BUDGETING AND MONITORING

Budget Format

Why is this Important?

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

Key Controls

- 3.11 The Key Controls are that the format:
- complies with all legal requirements;
 - complies with proper accounting and professional standards;
 - reflects the accountabilities of service delivery.

Responsibilities of the Treasurer

- 3.12 To ensure that the budget format complies with all legal requirements and proper accounting standards.

Responsibilities of Principal Officers

- 3.13 To operate the budget format set by the Treasurer.

Revenue Budget Preparation and Medium-Term Financial Planning

Why is this Important?

- 3.14 The Fire and Rescue Authority is a large and complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities.
- 3.15 The revenue budget must be constructed to ensure that resource allocation properly reflects the service plans and priorities of the Fire and Rescue Authority. Budgets are needed so that the Authority can plan, authorise, monitor and control the way money is allocated and spent.

- 3.16 In considering the affordability of its plans the Fire and Rescue Authority is required to consider all the resource currently available, and for the future together with an estimate of its requirements for the following year and each of the following two years. The Fire and Rescue Authority is also required to consider known significant changes beyond this timeframe. This requires the development of rolling 3-year forecasts.

Key Controls

- 3.17 The key controls for budgets and medium-term financial planning are:
- Principal Officers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations approved by the Fire and Rescue Authority for their budgets and the level of service to be delivered;
 - a monitoring process is in place to review the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

Responsibilities of the Treasurer

- 3.18 To engage in consultation with the Constituent Councils on the Authority's budget proposals, and to report the results of consultation back to the Fire and Rescue Authority by the due date in order that it might set its revenue and capital budgets for the ensuing year and agree the amounts due from each constituent.
- 3.19 To prepare annually a budget report for the following financial year for consideration by the Fire and Rescue Authority. This will take account of the Policy Framework, commitments, and resource constraints and shall include medium term prospects. It will cover all the services of the Authority on both capital and revenue account.
- 3.20 To advise on the medium term implications of spending decisions and prepare medium term plans, rolling forward on an annual basis.
- 3.21 To encourage the best use of resources and value for money by working with Principal Officers to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.
- 3.22 To advise the Fire and Rescue Authority on proposals in accordance with his or her responsibilities under section 151 of the Local Government Act 1972.
- 3.23 To ensure all matters required to be taken into account are reported to the Audit Committee and Fire and Rescue Authority when setting and reviewing prudential indicators.

Responsibilities of Principal Officers

- 3.24 To provide the Treasurer with information to complete the medium term plan.
- 3.25 To prepare, in conjunction with the Treasurer, estimates of income and expenditure.
- 3.26 To prepare budgets consistent with any relevant cash limits, with the Authority's annual budget cycle.
- 3.27 To integrate financial and budget plans into service planning and for them to link in with the Authority's strategic planning framework.
- 3.28 When drawing up draft budget requirements, to have regard to:
- spending/income patterns and pressures revealed through the budget monitoring process;
 - legal requirements;
 - policy requirements as defined by the full Fire and Rescue Authority in the approved policy framework;
 - initiatives already under way;
 - areas where savings/efficiencies can be made.

Resource Allocation

Why is this Important?

- 3.29 A mismatch often exists between available resources and required resources. A common scenario is that available resources are not adequate to fulfil need. It is therefore imperative that needs are carefully prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods, property and materials.

Key Controls

- 3.30 The key controls for resource allocation are:
- resources are acquired in accordance with the law and using an approved authorisation process;
 - resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for;
 - resources are used with the minimum level of waste, inefficiency or loss for other reasons.

Responsibilities of the Treasurer

- 3.31 To advise on resources and the affordability of borrowing.
- 3.32 To ensure resources are acquired in accordance with the law and only used for the purpose intended, at the same time as ensuring minimal levels of waste and inefficiency.

Responsibilities of Principal Officers

- 3.33 To work within cash limits and to utilise resources allocated, and furthermore to allocate resources, in the most efficient, effective and economic way.
- 3.34 To identify opportunities to minimise or eliminate resource requirements or consumption without having a detrimental effect on service delivery.

Revenue Budget Monitoring and Control

Why is this Important?

- 3.35 Proper budget management ensures that, once the budget has been approved by the Fire and Rescue Authority, resources are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Authority to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- 3.36 By continuously identifying and explaining variances against budgetary targets, the Authority can identify changes in trends and resource requirements at the earliest opportunity. The Authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Authority, in total, does not overspend, each service area is required to manage its own expenditure within the cash limited budget allocated to it.
- 3.37 Principal Officers are expected to exercise their discretion in managing their Departments responsibly and prudently.
- 3.38 For the purposes of budgetary control by managers, a budget will normally be the planned expenditure for a service area. However, budgetary control may take place at a more detailed level if this is required.

Key Controls

- 3.39 The key controls for managing and controlling the revenue budget are:
- there is a nominated budget manager for each budget heading;
 - budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities;
 - budget managers follow an approved certification process for all expenditure;
 - income and expenditure are properly recorded and accounted for;
 - performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget;

3.40 Responsibilities of the Treasurer

- 3.41 To establish an appropriate framework of budgetary management and control that ensures that:
- budget management is exercised within annual cash limits;
 - all Principal Officers are furnished with periodical updates as he/she has which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities;
 - in consultation with Principal Officers, reports are submitted, as determined by the Treasurer to the Fire Authority, monitoring expenditure and comparing anticipated outturn with estimates;
 - each department has a single named manager, determined by the relevant Principal Officer. As a general principle, budget responsibility should be aligned as closely as possible to the decision making processes that commits expenditure;
 - significant variances from approved budgets are investigated and reported by budget managers regularly.
- 3.42 To submit reports to the Fire and Rescue Authority, in consultation with the relevant Principal Officer, where a Principal Officer is unable to balance expenditure and resources within existing approved budgets under his or her control and to recommend appropriate action.
- 3.43 To establish procedures for the monitoring of prudential indicators.

Responsibilities of Principal Officers

- 3.44 To be responsible for supervising the expenditure of their respective service areas and for drawing the attention of the Treasurer to any contemplated expenditure not provided for in the estimates or which, if incurred, would exceed the amount allocated for the purpose in the estimates or not be in line with the Budget or the Policy Framework.
- 3.45 To maintain budgetary control within their service areas, in adherence to the principles above, and to ensure that all income and expenditure is properly recorded and accounted for.
- 3.46 To ensure that budgetary provision is identified for all expenditure incurred.
- 3.47 To ensure that officers responsible for committing expenditure comply with relevant guidance and financial regulations.

CAPITAL BUDGETING AND MONITORING

Why is this Important?

- 3.48 Capital expenditure (including use of capital grants) involves acquiring or enhancing fixed assets with a long term value to the Authority, such as land, buildings, infrastructure and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.
- 3.49 The financing capacity of the authority is restricted by the affordability prudence and sustainability of the Capital Programme. This means that capital expenditure should form part of the Mediums Term Financial Plan and should be carefully prioritised.

Key Controls

- 3.50 The key controls for capital programmes are:
- specific approval by the Fire and Rescue Authority for the programme of capital expenditure;
 - accountability for each proposal is accepted by a named project manager;
 - progress and expenditure should be monitored and compared to the approved budget by the relevant Principal Officer and any major anomalies notified to the Treasurer.

Responsibilities of the Treasurer

- 3.51 To determine the definition of 'capital' having regard to Government regulations and accounting requirements.
- 3.52 To advise the Fire and Rescue Authority on the affordability, prudence and sustainability of the Capital Programme by the preparation of prudential indicators as required by the prudential code for capital finance in Local Authorities.
- 3.53 To ensure all matters required to be taken into account are reported to the Fire and Rescue Authority when setting and revising prudential indicators.
- 3.54 To establish procedures for the monitoring of prudential indicators.
- 3.55 To prepare a report on the Capital Programme on the service area proposals, taking into account the Prudential Code of Borrowing, Policy Framework, commitments, resource constraints and Capital Receipts. This report shall compare the estimates with the finance available and propose the level of annual expenditure of each service area. The report will identify those schemes where expenditure may only be incurred after further work has been undertaken.
- 3.56 To report annually to the Fire and Rescue Authority the capital outturn and any funding required to be carried forward into the next financial year.

Responsibilities of Principal Officers

- 3.57 To comply with guidance concerning capital projects and controls issued by the Treasurer.
- 3.58 To consider the revenue implications of Capital Projects over the whole life of projects and notify the Treasurer when planning to undertake such schemes which do commit the authority to additional Revenue expenditure.
- 3.59 To submit a prioritised list of bids as part of the Medium Term capital budgeting process representing the schemes required to deliver Service and Corporate strategy.
- 3.60 To ensure that adequate records are maintained for all capital contracts and the preparation of grant claims.
- 3.61 To report to the Fire and Rescue Authority as soon as it becomes apparent that the total cost of a scheme including variations will or is likely to exceed 10% (ten per cent) above the capital budget available as defined within the approved Capital Programme. This report should cover the reasons for increased cost, an analysis of options considered to reduce cost to budget and the funding options considered to meet any budget shortfall.
- 3.62 To ensure that credit arrangements, such as leasing agreements, are not entered into without the prior approval of the Treasurer and, if applicable, approval of the scheme through the capital programme.

MAINTENANCE OF RESERVES AND PROVISIONS

Why is this important?

- 3.63 Reserves can be provided as a working balance, a contingency for unexpected events or emergencies.
- 3.64 A provision is set aside to meet known future liabilities.

Key Controls

- 3.65 To maintain reserves and provisions in accordance with the relevant codes of practice on local authority accounting in the United Kingdom and agreed accounting policies.
- 3.66 For each reserve and provision established, the purpose, usage and basis of transactions should be clearly identified.

Responsibilities of the Treasurer

- 3.67 To advise the full Fire and Rescue Authority on prudent levels of reserves and provisions for the Authority.
- 3.68 To recommend deployment of reserves and provisions to the Fire and Rescue Authority.

SECTION 4 - RISK MANAGEMENT AND CONTROL OF RESOURCES

Risk Management

Internal Controls

Internal and External Audit Preventing Fraud and Corruption Security of Assets:-

- Land and Buildings
- Vehicles, Furniture and Equipment
- Stocks and Stores
- Cash
- Information and Communication Technology
- Intellectual Property
- Treasury Management and Trust Funds

RISK MANAGEMENT

Why is this Important?

- 4.1 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks, and then recommending the action the organisation needs to take to control these risks effectively.

Key Controls

- 4.2 The key controls for risk management are:
- procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Authority;
 - a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis;
 - managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives;
 - managers apply a standard approach to risk identification and recording;
 - provision is made for losses that might result from the risks that remain;
 - procedures are in place to investigate claims within required timescales;
 - acceptable levels of risk are determined and insured against where appropriate;
 - the Authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the Principal Officers

- 4.3 To develop risk management controls in conjunction with Principal Officers.
- 4.4 To ensure that arrangements are in place for measuring the effectiveness of the risk management process, and that all findings from monitoring arrangements are fed back into the risk management cycle.
- 4.5 To report to the Fire and Rescue Authority on the Corporate Risk Register.
- 4.6 To affect insurance cover, and to arrange for the negotiation of claims in consultation with the Treasurer and other Principal Officers, where necessary.
- 4.7 To hold in safe custody all insurance policies of the Authority, arrange for payment of premiums by the due date.
- 4.8 To make arrangements to ensure that insurance records relating to liability policies and related correspondence must be retained indefinitely. Documents relating to other policies and internal funding arrangements must be retained for six years. All employees will adhere to the requirements of the Treasurer as to the retention of any documents of the nature referred to in this rule.
- 4.9 To take responsibility for risk management, having regard to advice from the Treasurer, and other specialist officers (e.g. crime prevention, fire prevention, health and safety).
- 4.10 To ensure that there are regular reviews of risk within their service areas.
- 4.11 To ensure that risk management is brought to the attention of relevant staff in their service areas.
- 4.12 To notify the Duty Principal Officer immediately in writing of any loss, liability or damage, or any event likely to lead to a claim by or against the Authority, and inform the Police, where necessary.
- 4.13 To submit insurance claims to the relevant department in a timely manner.
- 4.14 To arrange for the identification of all appropriate employees of the Authority who should be included in a suitable fidelity guarantee insurance, and shall make arrangements for such inclusion.
- 4.15 To notify the Deputy Chief Officer promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- 4.16 To notify the Deputy Chief Officer promptly of any significant acquisitions or disposals of assets or any alteration to the scope or level of services provided, particularly where the risk of accident, injury, loss or damage is likely to increase.

- 4.17 To provide the Deputy Chief Officer with any information that he/she needs and in the timescale that he or she sets, to enable him or her to manage the Authority's insurances effectively.
- 4.18 To ensure that officers, or anyone covered by the Authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice cover under the Fire and Rescue Authority's insurance policy and the assessment of liability in respect of any insurance claim.

INTERNAL CONTROLS

Why is this Important?

- 4.19 The Authority is a large, complex organisation which requires internal controls to manage and monitor progress towards strategic objectives.
- 4.20 The Authority has statutory obligations and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 4.21 The Authority faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks.
- 4.22 The system of internal controls is established in order to provide measurable achievement of:
- efficient and effective operations;
 - reliable financial information and reporting;
 - compliance with laws and regulations;
 - risk management.

Key Controls

- 4.23 The key controls are:
- key controls should be reviewed on a regular basis and the Authority should make a formal statement annually to the effect that it is satisfied that the systems of internal control are operating effectively;
 - managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities;
 - financial and operational control systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems;
 - an effective internal audit function that is properly resourced. It should operate in accordance with the principles contained in the Auditing Practices Board's auditing guideline Guidance for Internal Auditors, and CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom, and with any other statutory obligations and regulations;
 - an effective Audit Committee which meets on a regular basis to consider internal control and auditing matters.

Responsibilities of the Treasurer

- 4.24 To assist the Authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- 4.25 To maintain an effective and current Internal Audit service.

Responsibilities of Principal Officers

- 4.26 To establish sound arrangements, consistent with guidance given by the Treasurer, for planning, appraising, authorising, and controlling their operations, in order to achieve:
- economy;
 - efficiency;
 - effectiveness;
 - the proper use of resources;
 - the achievement of objectives;
 - the management of risks.
- 4.27 To review existing controls in the light of changes affecting the Authority and to establish and implement new ones in line with guidance from the Treasurer. Principal Officers should also be responsible for removing controls that are unnecessary or not cost or risk effective, for example, because of duplication.

INTERNAL AND EXTERNAL AUDIT

Internal Audit

Why is this Important?

- 4.28 The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'. The Accounts and Audit Regulations, more specifically, require that a 'relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems'. This is equally applicable to Fire and Rescue Authorities.
- 4.29 Internal audit is an independent and objective appraisal function established by the Authority for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

Key Controls

- 4.30 The key controls for internal audit are:
- that it is independent in its planning and operation;
 - the Internal Auditor has direct access to the Audit Committee, all levels of management and directly to elected members;
 - internal auditors comply with the Auditing Practices Board's guideline Guidance for Internal Auditors, as interpreted by CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom;
 - Internal Audit reports to an Audit Committee.

Responsibilities of the Treasurer

- 4.31 To maintain a continuous and independent internal audit of the Authority's accounting, financial and other operations of the Authority.
- 4.32 To ensure that all employees carrying out auditing duties comply with the current CIPFA Code of Practice for Internal Auditors in Local Government in the UK.
- 4.33 To make arrangements for there to be undertaken a cyclical review of all financial systems throughout the Authority and to determine the appropriate level of audit coverage.
- 4.34 To ensure that internal auditors have the authority to:
- access authority premises at reasonable times, subject to the Treasurer being satisfied as to any risk to health and safety;
 - access all assets, records, documents, correspondence and control systems;
 - receive any information and explanation considered necessary concerning any matter under consideration;
 - require any employee of the Authority to account for cash, stores or any other authority asset under his or her control;
 - access records belonging to third parties, such as contractors, when required;
 - review, appraise and report on the adequacy and application of financial and other controls, and on the
 - protection of the Authority's property and assets against loss due to fraud or wasteful practices.
- 4.35 To approve in consultation with the Audit Committee the strategic and annual audit plans prepared by the Internal Auditor, which take account of the characteristics and relative risks of the activities involved.
- 4.36 To ensure that the Internal Auditor has the right to report independently to the Fire and Rescue Authority or the Audit Committee in his/her own name.
- 4.37 To ensure that the Internal Auditor provides an annual opinion on the Fire and Rescue Authority's internal control environment as part of his/her annual report.

Responsibilities of Principal Officers

- 4.38 To ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets that the auditors consider necessary for the purposes of their work.
- 4.39 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- 4.40 To consider and respond promptly to recommendations in audit reports.
- 4.41 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 4.42 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Treasurer prior to implementation.

External Audit

Why is this important?

- 4.43 Under Section 11 of the Public Audit (Wales) Act 2013, the Wales Audit Office is responsible for appointing external auditors to each local authority in Wales. The external auditor has rights of access to all documents and information which in his/her opinion are necessary to carry out his/her statutory functions.
- 4.44 The basic duties of the external auditor are defined in the Public Audit (Wales) Act 2013 and the Local Government Act 1999. In particular, Section 10 of the 2004 Act requires the Wales Audit Office to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice sets out the auditor's objectives to review and report upon the audited body's:
- arrangements to secure economy efficiency and effectiveness in its use of resources
 - financial statements
 - compliance with statutory requirements in respect of the preparation and publication of its Improvement Plan.

Key Controls

- 4.45 The Authority's accounts are scrutinised by the external auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the Authority and its income and expenditure for the year in question and complies with the legal requirements.

- 4.46 External auditors are appointed by Wales Audit Office, normally for a minimum period of five years. The Wales Audit Office has prepared a code of audit and inspection practice, which external auditors follow when carrying out their audits.
- 4.47 The external auditor attends Fire and Rescue Authority meetings as they deem necessary.

Responsibilities of the Treasurer

- 4.48 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.
- 4.49 To ensure there is effective liaison between external and internal audit.
- 4.50 To work with the external auditor and advise the full Fire and Rescue Authority, Audit Committee and Principal Officers on their responsibilities in relation to external audit.

Responsibilities of Principal Officers

- 4.51 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets, which the external auditors consider necessary for the purposes of their work.
- 4.52 To ensure that all records and systems are up to date and available for inspection.
- 4.53 To ensure that all employees have proper regard to the guidance issued by the Treasurer in connection with any external audits, and any reports of the external auditor.

PREVENTING FRAUD AND CORRUPTION

Why is it this Important?

- 4.54 The Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Authority.
- 4.55 The Authority's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 4.56 The Authority also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Authority with integrity and without thought or actions involving fraud and corruption.

Key Controls

- 4.57 The key controls regarding the prevention of financial irregularities are that:
- the Authority has an effective Anti-fraud and Corruption strategy and maintains a culture that will not tolerate fraud or corruption;
 - all members and staff act with integrity and lead by example;
 - senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt;
 - high standards of conduct are promoted;
 - the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded;
 - whistle blowing procedures are in place and operate effectively;
 - relevant legislation is adhered to;
 - matters relating to fraud and corruption are reported to the Treasurer.

Responsibilities of the Treasurer

- 4.58 To develop and maintain an Anti-fraud and Corruption strategy.
- 4.59 To assist the Authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- 4.60 To take such steps as he/she considers necessary by way of investigation, in liaison with Principal Officers where appropriate, and in line with the Authority's Anti-Fraud and Corruption Strategy. Where sufficient evidence exists to believe that a criminal offence may have been committed, the matter will be referred in conjunction with the Monitoring Officer to the police.

Responsibilities of Principal Officers

- 4.61 To review existing controls in the light of changes affecting the Authority and to establish and maintain new controls where appropriate.
- 4.62 To immediately notify the Treasurer and Monitoring Officer whenever any matter arises which involves, or is thought to involve, a breach of security, theft, or irregularities concerning cash, stores or other property of the Authority, or any suspected irregularity in the exercise of the functions of the Authority.
- 4.63 To liaise with the Treasurer and the Monitoring Officer in relation to the investigation of any suspected irregularities within their service area, in line with the Authority's Anti-Fraud and Corruption Strategy.
- 4.64 To instigate the Authority's disciplinary and suspension procedures where the outcome of an investigation indicates improper behaviour by a member of staff.
- 4.65 To ensure that employees comply with Fire and Rescue Authority guidance regarding the acceptance of hospitality, gifts and other benefits.

SECURITY OF ASSETS

Why is this Important?

- 4.66 The Authority holds assets in the form of property, vehicles, equipment, furniture and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. An up to date asset register is a prerequisite for proper fixed asset accounting and sound asset management.
- 4.67 Obsolete, non-repairable or unnecessary assets should be disposed of in accordance with the regulations of the Authority.
- 4.68 Intellectual property is a generic term that includes inventions and writing. If these are created by an employee or consultant during the course of employment, then, as a general rule, they belong to the employer. Various acts of Parliament cover different types of intellectual property. Certain activities undertaken within the Authority may give rise to items that may be patentable, for example, software development.

Key Controls

- 4.69 The key controls for the security of resources such as land, buildings, vehicles, plant, machinery, furniture equipment, software and information are:
- resources are used only for the purposes of the Authority and are properly accounted for;
 - resources are available for use when required;
 - resources no longer required are disposed of in accordance with the law and the regulations of the Authority so as to maximise benefits;
 - an asset register is maintained for the Authority - assets are recorded when they are acquired by the Authority and this record is updated as changes occur.
 - assets for disposal are identified and disposed of at the most appropriate time, and only when it is in the best interests of the Authority, and best price is obtained, bearing in mind other factors, such as environmental and humanitarian issues.
 - procedures should protect staff involved in the disposal of assets from accusations of personal gain;
 - all staff are aware of their responsibilities with regard to safeguarding the Authority's assets and information, including the requirements of the Data Protection Act, Freedom of Information Act and software copyright legislation;
 - all staff are aware of their responsibilities with regard to safeguarding the security of the Authority's computer systems, including maintaining restricted access to the information held on them and compliance with the Authority's information security and internet security policies;

Security of Assets – Land and Buildings

Responsibilities of the Treasurer

- 4.70 To receive information required for accounting and costing in order to calculate capital charges and depreciation for all properties, and to maintain the correct accounting records.
- 4.71 To ensure that assets are valued in accordance with the relevant codes of practice on local authority accounting in the United Kingdom.
- 4.72 To advise on the financial implications of any purchase, sale or holding of property on the Authority's behalf.

Responsibilities of the Principal Officers

- 4.73 To ensure the safe custody of all title deeds under arrangements agreed with the Treasurer.
- 4.74 To make arrangements to ensure the proper security of all the Authority's buildings.
- 4.75 To ensure there are procedures in place to review the condition of physical assets used in delivery of services e.g. undertake regular impairment review.

Security of Assets - Vehicles, Furniture and Equipment

Responsibilities of the Treasurer

- 4.76 To ensure appropriate accounting entries are made to include all material assets and to remove the value of disposed assets from the Authority's records and to include the sale proceeds if appropriate.

Responsibilities of Principal Officers

- 4.77 To ensure the proper security and safe custody of all vehicles, equipment and furniture, belonging to or under the control of the Authority, and shall make contingency plans for the continuity of service in the event of disaster or system failure.
- 4.78 To maintain inventories of furniture, equipment, vehicles and plant, including items leased by the Authority.
- 4.79 To ensure that the Authority's property shall not be removed from its ordinary location otherwise than in accordance with the ordinary course of the Authority's business except in accordance with specific directions issued by the Principal Officer concerned or used otherwise than for the Authority's purposes. A record should be kept of all authorised removals.
- 4.80 To ensure that no Authority asset is subject to personal use by an employee without proper authorisation by the relevant Principal Officer.
- 4.81 To make arrangements to ensure that any disposal of any vehicle, furniture,

fittings, equipment, plant and machinery is in accordance with the Authority's procedure for disposals.

- 4.82 Before disposal to check if the asset is subject to leasing arrangements. If the asset is leased, disposal must be in accordance with the terms of the lease.
- 4.83 To ensure that income received for the disposal of an asset is properly banked and coded.
- 4.84 If an item is lost, stolen or disposed of, this must be recorded against the entry in the inventory.
- 4.85 To notify the Treasurer of the purchase or disposal of any material asset, to enable the asset register to be updated.

Security of Assets - Stocks and Stores

Responsibilities of the Treasurer

- 4.86 To issue guidance on the maintenance of stock and stores.
- 4.87 To assist the Authority to put in place appropriate internal control arrangements regarding the write off of stock and stores.
- 4.88 To ensure that appropriate accounting entries are made in relation to stock balances and write offs.

Responsibilities of Principal Officers

- 4.89 To make arrangements for the recording of and the care and safe custody of the stocks and stores.
- 4.90 To make arrangements to ensure stocks are maintained at reasonable levels and are subject to a regular independent physical check, at least annually. To make arrangements for discrepancies to be investigated and pursued to a satisfactory conclusion.
- 4.91 To advise the Treasurer immediately of any significant discrepancy in stocks.
- 4.92 To submit requests for the write off of stock and stores over £10,000 to the Deputy Chief Fire Officer for approval.
- 4.93 To ensure the appropriate control arrangements for the delegation of write off of stock and stores under £10,000 to the Financial Services Manager.
- 4.94 To provide the Treasurer with such information as he/she requires in relation to stores for accounting and costing purposes.

Security of Assets - Cash

Responsibilities of the Treasurer

- 4.95 To issue guidance to service areas on cash handling.
- 4.96 To agree, in consultation with the appropriate Principal Officer, the maximum limits for cash holdings.

Responsibilities of Principal Officers

- 4.97 To agree with the Treasurer, the maximum limits for cash holdings and to ensure that these limits shall not be exceeded without their permission.
- 4.98 To ensure that cash holdings are kept to a minimum, and do not exceed the insurance limit for that safe/cashbox.
- 4.99 To ensure that cash handling is carried out in line with the Authority's guidance.
- 4.100 To notify the Treasurer and the Monitoring Officer of cash lost or stolen immediately.
- 4.101 To ensure that a schedule is kept of the officers who hold keys to safes and similar receptacles.
- 4.102 To ensure that the keys to safes and similar receptacles are held securely at all times.

Security of Assets - Information and Communication Technology

Responsibilities of the Head of Information and Communication Technology (ICT)

- 4.103 To ensure the maintenance of a central inventory of technology.
- 4.104 The development and integrity of the Authority's voice and data network infrastructure.
- 4.105 To approve all additions and alterations to the Authority's voice and data network.
- 4.106 To issue detailed guidance to all employees who are responsible for and/or use computer equipment on their responsibilities within the Authority's IT Security Policy.

Responsibilities of Principal Officers

- 4.107 To ensure that all equipment connected to the Authority's voice and data network infrastructure meets the standards identified by the ICT Department. Any requirement to add or make alterations to this network must be managed by the ICT Department with approval from the Head of ICT.

- 4.108 To ensure that the provisions of the Authority's IT Security Policy and other ICT policies are applied to all employees of the Authority, as appropriate to their use of information technology.
- 4.109 To make arrangements to implement and monitor the procedures contained in the Authority's IT Security Policy. All employees must be familiar with, and comply with, the principals of the Data Protection Legislation, the Copyright, Designs and Patents Act 1988, the Computer Misuse Act 1990, and any other legislation or Authority policy which may apply to all employees at any time.
- 4.110 To agree, in advance, with the Head of ICT, a requirement to use specialist IT goods and services that might not meet the standards identified by the Head of ICT, but are necessary to perform particular business activities. The Principal Officer will be responsible for ensuring that such acquisitions do not compromise their corporate, financial and legal obligations, as defined by the Authority.
- 4.111 To ensure that all employees are aware that misuse of technology and associated systems can seriously affect the business interest of the authority. Such misuse or any breach of security policy will result in disciplinary action being taken.
- 4.112 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Authority in some way.

Security of Assets - Intellectual Property

Responsibilities of the Treasurer

- 4.113 To develop and disseminate good practice.

Responsibilities of Principal Officers

- 4.114 To ensure that controls are in place to ensure that employees do not carry out private work during periods when they are working for the Authority and that employees are aware of an employer's rights with regard to intellectual property.
- 4.115 To make officers aware that, if, at any time during their employment, an officer makes or discovers or participates in the making or discovery of any intellectual property relating to or capable of being used by the Authority, the officer must provide full details of the intellectual property to the relevant Principal Officer or relevant Principal Officer.

TREASURY MANAGEMENT

Why is this Important?

- 4.116 Many millions of pounds pass through the Authority's bank accounts each year. It is vital that the Authority's money is managed in a secure and controlled way. Surplus funds are invested by the Authority with external organisations, and it is essential that risk is spread evenly, and that investments are placed with reputable organisations.
- 4.117 Compliance with the CIPFA Treasury Management Code of Practice and the Authority's Treasury Management policy statement and strategy. This provides assurances that the Authority's money is properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the Authority's capital sum.

Responsibilities of the Treasurer

- 4.118 To prepare a Treasury Management Policy and Annual Report for consideration by the Fire and Rescue Authority.
- 4.119 To maintain prudential indicators in accordance with the Prudential Code of Capital Finance for Local Authorities.
- 4.120 To arrange the borrowing and investments of the Authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management in Local Government, which has been adopted by the Authority.
- 4.121 To set an investment strategy in accordance with WG investment guidance.
- 4.122 To ensure that all investments of money under its control shall be made in the name of the Authority or in the name of nominees approved by the Fire and Rescue Authority within their respective responsibilities.
- 4.123 To ensure that all borrowings shall be effected in the name of the Authority or the designated provider of financial services.
- 4.124 To be the Authority's Registrar of loan instruments and to maintain records of all borrowings of money by the Authority.
- 4.125 To report to Members in accordance with the Treasury Management practices of the Authority.
- 4.126 To arrange, where funds are held on behalf of third parties, for their secure administration, and to maintain records of all transactions.
- 4.127 To provide suitable training to Members.

SECTION 5 - FINANCIAL SYSTEMS AND PROCEDURES

- [General](#)
- [Income](#)
- [Banking](#)
- [Ordering and Payment for Goods, Works and Services](#)
- [Imprest Accounts](#)
- [Payment to Employees and Members](#)
- [Taxation](#)

GENERAL

Why are Financial Systems and Procedures Important?

- 5.1 Service Areas have many systems and procedures relating to the control of the Authority's assets, including purchasing, costing and management systems. It is important that systems and procedures are sound and well administered to ensure financial stewardship and control to enable effective decision making. All financial systems and procedures should contain controls to ensure that transactions are properly processed and errors detected promptly.

Key Controls

- 5.2 The key controls for systems and procedures are:
- basic data exists to enable the Authority's objectives, targets, budgets and plans to be formulated;
 - performance is communicated to the appropriate managers on an accurate, complete and timely basis;
 - early warning is provided of deviations from target, plans and budgets that require management attention;
 - operating systems and procedures are secure;
 - data is backed up on a regular basis.

Responsibilities of the Treasurer

- 5.3 To make arrangements for the proper administration of the Authority's financial affairs, including to:
- issue advice, guidance and procedures for officers and others acting on the Authority's behalf;
 - determine the accounting systems, form of accounts and supporting financial records;
 - establish arrangements for audit of the Authority's financial affairs;
 - to determine the accounting procedures, records and controls for any new financial systems to be introduced;
 - approve in advance any changes to be made to existing financial systems.

Responsibilities of Principal Officers

- 5.4 To ensure that accounting records are properly maintained and held securely.
- 5.5 To ensure that vouchers and documents with financial implications are not destroyed, except in accordance with arrangements approved by the Treasurer.
- 5.6 To ensure that a complete management trail, allowing financial transactions to be traced from the accounting records to the original document, and vice versa, is maintained.
- 5.7 To incorporate appropriate controls to ensure that, where relevant:
 - all input is genuine, complete, accurate, timely and not previously processed;
 - all processing is carried out in an accurate, complete and timely manner;
 - output from the system is complete, accurate and timely;
 - data is backed up on a regular basis.
- 5.8 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice.
- 5.9 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.
- 5.10 To ensure that systems are documented and staff adequately trained.
- 5.11 To establish a scheme of departmental authorisations identifying officers to act upon his or her behalf in respect of placing orders, payments and income collection, including variations, and showing the limits of their authority.
- 5.12 To ensure that effective contingency arrangements, including back-up procedures, exist for computer systems. Wherever possible, back-up information should be securely retained in a fireproof location, preferably off site or at an alternative location within the building.
- 5.13 To ensure that, where appropriate, computer systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under the legislation.
- 5.14 To ensure that the Fire and Rescue Authority's information security standards and internet security policy are complied with.
- 5.15 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.

- 5.16 To comply with the copyright, designs and patents legislation and, in particular, to ensure that:
- only software legally acquired and installed by the Authority is used on its computers;
 - staff are aware of legislative provisions;
 - in developing systems, due regard is given to the issue of intellectual property rights.

INCOME

Why is this Important?

- 5.17 Effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Authority's cash flow and also avoids the time and cost of administering debts.

Key Controls

- 5.18 The key controls for income are:
- all income due to the Authority is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed;
 - all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery;
 - all money received by an officer on behalf of the Authority is properly recorded and promptly banked;
 - the responsibility for cash collection should be separated from that for identifying the amount due, and that for reconciling the amount due to the amount received;
 - effective action is taken to pursue non-payment within defined timescales;
 - formal approval for debt write-off is obtained;
 - appropriate write-off action is taken within defined timescales;
 - appropriate and timely accounting adjustments are made following write-off action;
 - all appropriate income documents are retained and stored for the defined period in accordance with guidance issued by the Treasurer;
 - money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.
 - recovery on debts below £50 will be deemed uneconomical to recover and will be written off at source.

Responsibilities of the Treasurer

- 5.19 To decide on arrangements for the collection of all income due to the Authority, and to approve the procedures, systems and documentation for its collection.
- 5.20 To ensure that all electronic monies are properly received, assigned and reconciled.

- 5.21 To use such debt recovery procedures as he/she considers necessary to collect any income due to the Authority which has not been paid within specified time limits
- 5.22 To submit to the Fire and Rescue Authority for approval all debts exceeding £1,000 for write-off, each year by the 30th June following the end of the financial year, identifying all amounts written off and stating the reasons for the write-off.
- 5.23 To ensure that appropriate accounting adjustments are made following any write-off action.
- 5.24 To ensure that any sum due to the Authority shall only be discharged by payment or write off.

Responsibilities of Principal Officers

- 5.25 To ensure that all statutory and non-statutory charges are reviewed at least once a year.
- 5.26 To ensure that new charges are promptly implemented following written approval by the Deputy Chief Fire Officer.
- 5.27 To ensure that where possible, income is received in advance of the service being provided.
- 5.28 To ensure that all income due, is promptly collected, correctly receipted, reconciled, accounted for and promptly banked.
- 5.29 To ensure that income collected and deposited is reconciled to the ledger on a regular basis.
- 5.30 To ensure that there is clear separation of duties within income procedures to ensure that adequate controls are in place.
- 5.31 To ensure that all income is correctly coded to the appropriate financial code.
- 5.32 To maintain such particulars in connection with work done, goods supplied or services rendered and of all other amounts due, to record correctly all sums due to the Authority and to ensure the prompt rendering of accounts for the recovery of income due.
- 5.33 To designate employees to receive monies due and to make arrangements to ensure that appropriate records are maintained.
- 5.34 To ensure that all employees use official receipts for all income received on behalf of the Authority and ensure that all chargeable VAT is accounted for.
- 5.35 To ensure that all official receipt books and other such items are ordered and supplied to departments by the Treasurer or arrangements approved by him/her.

- 5.36 To ensure that all financial stationery is securely held and accounted for at all times.
- 5.37 To ensure that upon opening of incoming mail, all income is immediately recorded by the employee concerned either by way of receipt, remittance record or by another means, approved by the Treasurer.
- 5.38 To ensure that keys entrusted to employees are held securely at all times and are kept under their personal control. To ensure that employees understand their responsibilities as key holders, and of insurance requirements.
- 5.39 To ensure that income held by the Authority is not used to cash personal cheques or make personal loans or other payments.
- 5.40 To establish proper accountability wherever money is being handled. To ensure that every transfer of the Authority's money from one employee to another is evidenced in the records of the service area concerned. This may be by way of an official receipt being issued by the receiving employee, or if not, a record shall be maintained detailing the amount transferred, the date and the signature of both employees.
- 5.41 To ensure that when income is due to the Authority and the payment is not to be made at the time, all amounts due are claimed on official invoices or by arrangements approved by the Treasurer. Instructions for the cancellation or reduction of invoices for income must be authorised by the appropriate Principal Officer or such member of staff specifically designated by him/her for that purpose.
- 5.42 To refer the write off of debts up to £1,000 to the Deputy Chief Fire Officer for approval. Principal Officers wishing to write off debts over £1,000 must submit a schedule of such debts in the approved manner to the Treasurer for authorisation by the Fire and Rescue Authority.
- 5.43 To make every reasonable effort to recover a debt (over £50) before write off is considered.
- 5.44 To ensure that credit notes to replace a debt are only raised to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- 5.45 To ensure that proper procedures are followed for checking and authorisation for write off.
- 5.46 To seek to achieve payment by direct debit or standing orders in situations where regular payments are due to the Authority.
- 5.47 To notify the Treasurer of outstanding income (reserved debtors) relating to the previous financial year as soon as possible after 31st March in line with the timetable determined by the Treasurer.

BANKING

Why is this Important?

5.48 Many millions of pounds pass through the Authority's bank accounts each year. It is vital that proper procedures are in place to ensure that the Authority's banking arrangements are secure and controlled.

Key Controls

5.49 All banking arrangements are operated in accordance with approved procedures.

Responsibilities of the Treasurer

5.50 To make or approve all arrangements with the Authority's bankers.

5.51 To open and operate bank accounts as are considered necessary.

5.52 To ensure that all bank accounts operated by or on behalf of the Authority shall bear an official title and in no circumstances shall an account be opened in the name of an individual.

5.53 To approve the use of any direct debit/standing order on the Authority's accounts.

5.54 To arrange the reconciliation of the main bank account with the Authority's cash accounts.

5.55 To ensure that all cheques, excluding those drawn on authorised imprest accounts, are ordered only on his/her authority.

5.56 To make proper arrangements for the safe custody of cheques

5.57 To ensure that cheques on the Authority's main bank accounts shall bear the facsimile signature of the Treasurer or be signed by him or another officer authorised by him for that purpose.

5.58 Personal cheques of Fire and Rescue Authority Members or employees are not to be cashed.

5.59 To ensure that proper procedures are followed for receiving income by electronic means, including the internet.

Responsibilities of Principal Officers

5.60 To ensure that all income collected is promptly banked.

- 5.61 To ensure that, in accordance with the relevant Accounts and Audit Regulations, each employee who banks money, enters on the paying in slip, a reference to the related debt (such as the receipt number or the number or the name of the debtor) and indicate its place of origin on the reverse of each cheque.
- 5.62 To ensure that all income received on behalf of the Authority is properly safeguarded from the time it is received until the time that it is banked (e.g. kept in a safe or locked receptacle).
- 5.63 To ensure that in the transport of money by any employee for banking, or other purpose, that employee and his or her supervisor have due regard for the safety of employees (including the employee transporting such money), and for the proper security of cash. The Principal Officer shall ensure arrangements are made which incorporate the necessary safeguards.
- 5.64 To ensure that any subsidiary bank accounts do not become overdrawn.
- 5.65 To ensure that payments made through the Fire and Rescue Authority's bank account are properly authorised, correctly calculated, valid and in accordance with Fire and Rescue Authority's procurement and payment procedures.

ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Why is this Important?

- 5.66 Public money should be spent with demonstrable probity and in accordance with the Authority's policies. Local authorities have a statutory duty to achieve best value in part through economy and efficiency. The Authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Authority's Contract Standing Orders.

Key Controls

- 5.67 The key controls for ordering and paying for work, goods and services are:
- all orders shall be in a form approved by the Treasurer;
 - official orders will be raised for all work, goods or services to be supplied to the Authority, except for supplies of utilities, periodic payments, petty cash purchases or other exceptions specified by the Treasurer;
 - all goods, works and services are ordered only by appropriate persons and are correctly recorded;
 - all goods and services shall be ordered in accordance with the Authority's Contract Standing Orders, unless they are purchased from sources within the Authority;
 - goods, works and services received are checked to ensure they are in accordance with the order;
 - payments are not made unless goods, works or services have been received by the Authority to the authorised price, quantity and quality standards, subject to tolerance levels set by the Treasurer;
 - all payments are made to the correct person/supplier, for the authorised

- amount and are properly recorded, regardless of the payment method;
- all officers and members are required to declare any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority;
- all appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with guidance issued by the Treasurer;
- all expenditure is accurately recorded against the right budget, any exceptions are corrected and VAT is recorded against the correct VAT code; and
- the use of e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

Responsibilities of the Treasurer - Procurement

- 5.68 To produce Contract Standing Orders and provide departments with guidance relating to contracting and tendering arrangements.

Responsibilities of Principal Officers - Procurement

- 5.69 To ensure that all employees comply with the Authority's Contract Standing Orders.
- 5.70 To ensure that the departments obtains best value from purchases by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the best practice guidelines issued by the Treasurer, which are in line with best value principles and contained in the Authority's Contract Standing Orders.
- 5.71 To make arrangements to ensure that every employee declares any links or personal interests that they may have with purchasers, suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority, in accordance with the Code of Conduct. Any employee declaring such an interest or having such an interest will not participate in (or act so as to influence or appear to influence) any decisions relating to the matter in which they have such an interest. All Fire and Rescue Authority Members involved in contractual or purchasing decisions on behalf of the Authority will declare any interests and act in accordance with the Members' Code of Conduct.
- 5.72 To ensure that officers within their departments will not make any personal or private use of the benefits of any Authority contracts. For the avoidance of doubt, nothing in this paragraph will preclude an employee from taking advantage of Fire and Rescue Authority wide schemes.

Responsibilities of the Treasurer - Ordering

- 5.73 To approve the format of official orders and arrangements for placing orders.
- 5.74 To approve the processes in place for placing emergency orders.
- 5.75 To approve all exceptions to the use of official orders.
- 5.76 To approve any arrangements for the use of debit, credit and procurement cards.

Responsibilities of Principal Officers – Ordering

- 5.77 To ensure that official orders are raised through the approved purchase system for all works, goods and services supplied to the Authority except for periodical payments (e.g. utility payments), and for petty cash purchases, or such other exceptions as the Treasurer may approve.
- 5.78 To determine purchase order approval levels within each department.
- 5.79 To ensure approved processes are used for raising urgently required orders where the normal procedure is not appropriate.
- 5.80 To ensure that employees do not use official orders to obtain goods or services for their private use.
- 5.81 To ensure that debit, credit and procurement cards are only used under arrangements approved by the Treasurer.
- 5.82 To make arrangements to ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the Treasurer. This is because of the potential impact on the authority's borrowing powers, to protect the authority against entering into unapproved credit arrangements and to ensure that value for money is being obtained.
- 5.83 After due consideration, to arrange for nominations for officers for the roles of requisitioner and approver, ensuring there is adequate division of responsibility in place.
- 5.84 To maintain an up to date list of requisitioners, approvers/substitutes within their departments. No officer shall process or approve an order, or purport to do so, unless he/she is duly authorised for that purpose.
- 5.85 To ensure that all order used are authorised by a nominated 'approver' with a financial approval limit greater than or equal to the value of the requisition.
- 5.86 Where a purchase order is forwarded for approval to any other officer (e.g. in the case of absence of the usual approver), this officer must also be a nominated approver with a financial approval limit greater than or equal to the value of the order.
- 5.87 To ensure that, prior to approving an order for purchase, the approving officer

checks that:-

- all relevant details have been entered and are correct;
- there is adequate provision in the budget;
- the items are appropriate for the purpose intended;

Responsibilities of Principal Officers - Goods Received

- 5.88 To make arrangements to ensure that goods, services and works are checked on receipt to verify that they are in accordance with the order. This check shall, where possible, be carried out by a different officer from the officer who approved the order. The officer carrying out the check shall make appropriate entries in inventories or stores records.
- 5.89 To ensure that goods (or services) received details are entered promptly onto the purchase system by the requisitioner or approver.

Responsibilities of the Treasurer - Payment

- 5.90 To make payments on behalf of the Authority with the exception of disbursements from petty cash imprests and from subsidiary bank accounts which have been authorised by the Treasurer. The normal method of payment of money due from the Authority shall be by cheque, BACS, CHAPS or other instrument drawn on the Authority's bank account. The use of direct debit/standing order requires the prior agreement of the Treasurer.
- 5.91 To make safe and efficient arrangements for all payments. All cheques shall be despatched under the authority of the Treasurer direct to the recipient and not returned to the originating service. In the exceptional circumstances when cheques do need to be returned to a service area for despatch with associated documents, this must be approved in advance by the Financial Service Manager.
- 5.92 To ensure that payments made to a sub-contractors in the construction industry, are made in accordance with the Construction Industry Scheme, and the Authority's procedures.
- 5.93 To make payments to contractors on an approved certificate, which must include details of the value of work, retention money, amounts previously certified and amounts now certified. These payments are to be made to contractors using authenticated receipts raised by departments.
- 5.94 To provide advice on making payments by the most economical means.
- 5.95 To set tolerance levels for cost and quantity variations.
- 5.96 To agree any exceptions to payment through the approved purchasing system.
- 5.97 To periodically check that no order payments and supplier invoices have been certified for payment by an authorised signatory.

Responsibilities of Principal Officers - Payment

- 5.98 To make arrangements for the submission of accounts for payment in accordance with arrangements made by the Treasurer.
- 5.99 To ensure that payment is made only against a valid invoice or other approved claim for payment, not on statements of account. In exceptional circumstances, payment may be made against a photocopy or faxed invoice but only when the original invoice has been lost and the Financial Services Manager is satisfied that the invoice has not previously been paid.
- 5.100 To approve all arrangements for supplier invoices. These relate to payments which do not have an associated order, such as utility payments.
- 5.101 To notify the Treasurer at 1st April, or as required, of all outstanding expenditure relating to the previous financial year, and to comply with any instruction issued in connection with the year-end accounting arrangements (accruals).
- 5.102 To ensure that the approved purchasing system is used for all payments; and that any exceptions have been agreed previously by the Treasurer.
- 5.103 To ensure that there is a segregation of duties between the officers requisitioning, approving and inputting invoices for payment.
- 5.104 To ensure that invoices are input to the system without delay, in the manner specified by the Treasurer.
- 5.105 To ensure that invoices that do not meet the set tolerance levels are promptly dealt with. Where there is no match to an order and/or a delivery note, to ensure that further approval as required is given by a nominated approver/substitute.
- 5.106 To ensure that invoices are not processed until the inputting officer is satisfied that delivery details have been entered.
- 5.107 To ensure that all invoices input for payment are filed and stored securely in the manner prescribed by the Treasurer.
- 5.108 To ensure that all no order payments are completed on a form approved by the Treasurer. These must not be used in place of any invoice, demand, fee note or other written request for payment received from a creditor, and all relevant supporting documentation must be attached to support the payment.
- 5.109 To ensure that no order payments are completed by a designated officer and then passed to an authorised signatory for certification.

- 5.110 To ensure that before no order payments are authorised, the authorising officer undertakes the following checks:-
- the payment is properly the liability of the Authority;
 - the work, goods or services to which the account relates have been received, carried out, examined and approved as to the quality and quantity (where appropriate);
 - the prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
 - the expenditure has been properly coded to the relevant service area;
 - expenditure is within budget;
 - where a payment includes VAT, in accordance with HM Revenue and Customs Regulations:-
 - the invoice is a tax invoice with the relevant Company VAT number;
 - for construction industry payments, an authenticated receipt will be obtained, or;
 - for payments made in advance of services/goods being received, a tax receipt will be obtained.
- 5.111 To ensure that payment in advance of the receipt of goods or services is only made where it is essential in order to secure the particular supply required or where a beneficial discount would otherwise be lost. .
- 5.112 To ensure that duly certified no order payments and direct payment invoices are passed without delay to the Treasurer.
- 5.113 To ensure that authorising officers promptly reject any invoices containing an error or discrepancy, or which do not relate to the cost centre shown.

IMPREST ACCOUNTS

Why is this Important?

- 5.114 Imprest Accounts are used for minor items of expenditure. It is important that such accounts are properly managed, and that all expenditure is valid and correctly incurred.

Key Controls

- 5.115 The key controls for the operation of Imprest Accounts are:-
- all Imprest Accounts should be operated in accordance with guidance issued by the Treasurer;
 - regular reconciliations between the imprest sum advanced and imprest records are undertaken.

Responsibilities of the Treasurer

- 5.116 Where he/she considers it appropriate to open an account with the Authority's bankers for use by the imprest holder.
- 5.117 To determine the imprest level.

- 5.118 To periodically review the arrangements for the safe custody and control of Imprest accounts.
- 5.119 To reimburse imprest holders as often as necessary to restore the imprests and to keep a record of such advances.
- 5.120 To provide guidance on how imprest accounts are to be operated and how records are to be kept of payments and reimbursements.
- 5.121 **Responsibilities of Principal Officers**
- 5.122 To ensure that all imprest accounts are maintained in accordance with the Authority's procedures.
- 5.123 To maintain a list of officers in their service areas who are authorised to hold imprest accounts.
- 5.124 To notify the Treasurer when an imprest holder leaves the service area and to ensure that the imprest advanced is accounted for to the Treasurer, unless responsibility for the imprest is transferred to a different officer, in which case the Treasurer should be notified of the new account holder.
- 5.125 To agree with the Treasurer the procedure for reimbursing expenditure imprest accounts.
- 5.126 To ensure that officers:
- do not, under any circumstances, allow personal cheques to be cashed, or personal loans to be made, from monies held in an imprest account;
 - obtain and retain a receipt to substantiate each payment from the imprest, which should be attached to a voucher and authorised. Particular care shall be taken by the employee to obtain a VAT invoice when this tax is charged;
 - restrict the amount of each separate payment to such limit as may be prescribed from time to time by the Treasurer;
 - maintain records and operate the account in accordance with the Treasurer instructions;
 - maintain the safe custody of imprest cash by keeping it securely locked away preferably in a safe; guidance on this matter can be obtained from the Treasurer;
 - produce, upon demand, to the Treasurer or his/her representative cash and/or vouchers to the total of the imprest;
 - record transactions promptly;
 - when requested, give to the Treasurer a certificate as to the state of his/her imprest advance;
 - where an imprest is operated through a bank account, ensure that the account remains in credit, and that the procedures set out under banking arrangements in the Financial Procedures are followed. It shall be a standing instruction to the Authority's bankers that the amount of any overdrawn balance on an imprest holder's account shall be reported forthwith to the Treasurer;

- do not make salaries or wages payments to employees from an imprest account; No payment must be made to sub-contractors for building work unless authorised by the Treasurer;
- reconcile and balance the account to the total of the sum advanced, at least monthly, with a copy of the reconciliation sheet signed and retained by the imprest holder. Periodic checks shall be made by a senior officer to ensure that this is being properly carried out;
- on leaving the employment of the Authority, or otherwise ceasing to be entitled to hold an imprest advance, account to the relevant Principal Officer for the amount advanced.

PAYMENTS TO EMPLOYEES AND MEMBERS

Why is this Important?

5.127 Staff costs are the largest item of expenditure for most local authority services. It is, therefore, important that payments are accurate, timely, made only where they are due for services to the Authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for, and that Members' allowances are authorised in accordance with the scheme approved by full Fire and Rescue Authority.

Key Controls

- 5.128 The key controls for payments to officers and Members are:
- proper authorisation procedures are in place, and that there is adherence to corporate timetables in relation to starters, leavers, variations and enhancements, and that payments are made based on timesheets or claims where appropriate;
 - names on the payroll are checked at regular intervals to verify accuracy and completeness;
 - frequent reconciliation of payroll expenditure against approved budgets;
 - all appropriate payroll documents are retained and stored for the defined period, in accordance with guidance issued by the Treasurer;
 - all expenditure, including VAT, is accurately recorded against the right department;
 - HM Revenue and Customs Regulations are complied with.

Responsibilities of the Treasurer

- 5.129 To arrange, control and make accurate and timely payment of all staff and Members:
- salaries and wages;
 - pensions;
 - tax and national insurance;
 - car mileage, travel, subsistence and other incidental allowances/expenses.
- 5.130 To approve the form of all timesheets, overtime forms, car mileage and travel and subsistence claims, and any other payroll related records.

- 5.131 To maintain an up to date list of all officers authorised to approve timesheets, overtime forms, car mileage and travel and subsistence claims, and all other payroll related records.
- 5.132 To check periodically that all officer claims for salaries, wages, overtime, travel, subsistence and other allowances/expenses are correctly certified by an authorised signatory before payment is made.
- 5.133 To maintain all necessary personal records concerning pay, pension, national insurance contributions and income tax and make all relevant payments on behalf of both employees and the Authority to the appropriate Government agencies.
- 5.134 To issue guidance on the retention of payroll records. All payroll records relating to Income Tax and National Insurance are to be retained for six years plus the current year, to satisfy the requirements of the Taxes Management Act. Records relating to pensions should be retained for six years following the cessation of any liability.

Responsibilities of the Deputy Chief Fire Officer

- 5.135 To approve payments of Members' allowances, travel, and subsistence upon receiving the prescribed form, duly completed and authorised. All claims will be examined and checked for reasonableness with respect to the amounts claimed. A record of authorised signatories shall be retained and kept up to date.

Responsibilities of Principal Officers

- 5.136 To furnish the Treasurer with all documents that are required to arrange payment by the due date and any documentation required for pension, income tax and national insurance purposes.
- 5.137 To ensure appointments are made in accordance with the regulations of the Authority and approved establishments, grades and scale of pay and that adequate budget provision is available.
- 5.138 To ensure that time sheets, overtime forms or other payroll related records are in a form prescribed or approved by the Treasurer. All such records shall be appropriately certified in manuscript, by an authorised signatory.
- 5.139 To maintain all necessary records relating to the appointment, termination and all other personnel matters.
- 5.140 To make arrangements to ensure that the appropriate officer, is notified promptly, and in the approved format, of all matters affecting the remuneration of staff within their department, and in particular:
- appointments, resignations, dismissals, suspensions, secondments and transfers;
 - absences from duty for sickness or other reasons apart from approved leave;

- changes in remuneration, other than normal increments and pay awards and agreements of general application; and
 - information necessary to maintain records of service for pension, income tax, national insurance and the like.
- 5.141 To ensure that adequate and effective systems and procedures are operated, so that:
- payments are only authorised to bona fide employees;
 - payments are only made where there is a valid entitlement;
 - conditions and contracts of employment are correctly applied;
 - employees' details listed on the payroll are checked at regular intervals to verify accuracy and completeness;
 - the same person does not both complete and authorise a timesheet, overtime form or other claim for payment;
 - persons involved in the different processes of completing and authorising a timesheet, overtime form or other claim for payment are clearly identifiable on the relevant document;
 - adequate supporting records are maintained to back up summary timesheet entries, completed by an individual on behalf of a group of employees. The supporting records must show the start and finish times of each employee each day, and should be signed by the employee concerned;
 - no employee may certify or authorise a payment or other benefit to himself/herself or any document which would lead to a payment or other benefit to himself/herself.
- 5.142 To ensure that the department maintains and reviews periodically a list of officers approved to authorise timesheets, overtime forms and other payroll related records together with specimen signatures, and to ensure that only authorised officers authorise payments.
- 5.143 To review the establishment list issued by the Human Resources Manager on a regular basis and confirms the accuracy of the report.
- 5.144 To ensure that payroll transactions are processed only through the payroll system. "Cash in hand" and other non PAYE payments are not permitted. Principal Officers shall give careful consideration to the employment status of individuals employed on a self-employed, consultant or subcontract basis. The HM Revenue and Customs applies a tight definition for employee status, and in cases of doubt, advice shall be sought from the Treasurer.
- 5.145 To ensure that all claims for the payment of car mileage, travel and subsistence, and incidental expenses are submitted promptly by officers in the approved format each month.
- 5.146 To arrange for the correct certification of claims for car mileage, travel and subsistence, and incidental expenses. Certification by the Principal Officer or an officer authorised by him/her shall be taken to mean that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred in connection with the Authority's business, the most cost effective route and means of transport was used and that the allowances claimed are properly payable by the Authority. The names of officers

authorised by Principal Officers to approve such records shall be retained in each service area and this shall be amended on the occasion of any change. The accuracy of the information contained in a claim shall be the responsibility of the employee concerned. Due consideration should be given to tax implications and that the Treasurer is informed where appropriate.

- 5.147 To ensure that claims for travel, subsistence and other allowances are paid through the payroll system to ensure the correct treatment for Tax and National Insurance purposes.
- 5.148 To ensure that the Treasurer is notified of the details of any employee benefits in kind, to enable full and complete reporting within the income tax self-assessment system.
- 5.149 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with guidance issued by the Treasurer.

Responsibilities of Members

- 5.150 To submit claims for travel or subsistence allowances on the prescribed form duly completed. All claims shall be submitted promptly, every month. The accuracy of the information contained in a claim shall be the responsibility of the Member or co-opted Member concerned.

TAXATION

Why is this Important?

- 5.151 Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax can be severe. It is, therefore, important for all officers to be aware of their role.

Key Controls

- 5.152 The key controls for taxation are:
- managers are provided with relevant information and kept up to date on tax issues;
 - managers are instructed on required record keeping;
 - all taxable transactions are identified, properly carried out and accounted for within stipulated timescales;
 - records are maintained in accordance with instructions;
 - returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of the Treasurer

- 5.153 To complete all HM Revenue and Customs returns regarding Pay As You Earn (PAYE).

- 5.154 To complete VAT returns and to supply other information as specified by HM Revenue and Customs.
- 5.155 To provide details to the HM Revenue and Customs of deductions made under the Construction Industry Tax Deduction Scheme.
- 5.156 To advise Principal Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Authority.

Responsibilities of Principal Officers

- 5.157 To ensure that where VAT is accounted for in respect of a payment, in accordance with HM Revenue and Customs regulations, the following conditions are satisfied:-
- the payment relates to a supply of goods or services to the Fire and Rescue Authority or to some other body covered by the Fire and Rescue Authority's VAT registration;
 - unless otherwise authorised, a VAT invoice (or receipt) is held in respect of the payment;
 - where a payment is made to a contractor in the construction industry on the authority of an architect's certificate, an authenticated receipt is obtained as soon as possible;
 - the VAT identified on the VAT invoice is identified and coded correctly;
 - that VAT invoices are processed expeditiously and are not unduly delayed.
- 5.158 To ensure that VAT is accounted for, in the correct tax period, on all supplies of goods and services made by the Fire and Rescue Authority that are subject to VAT.
- 5.159 To ensure that a VAT invoice (or receipt) is issued upon request by any person to whom taxable supplies of goods or services have been made by the Fire and Rescue Authority, showing the VAT charged.
- 5.160 To ensure that all VAT invoices are raised and processed expeditiously.
- 5.161 To ensure that documents identifying VAT transactions, including proof of payment and banking records, are retained for the period specified by HM Revenue and Customs.
- 5.162 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements.
- 5.163 To ensure that all persons employed by the Authority are added to the Authority's payroll and that tax is deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.
- 5.164 To follow the guidance on taxation issued by the Treasurer.

5.165 To ensure that arrangements are in place for all relevant staff to be informed about the correct VAT treatment of all transactions and of changes to this as notified by the Treasurer.

SECTION 6 - EXTERNAL ARRANGEMENTS

- [Partnerships](#)
- [External Funding](#)
- [Work for Third Parties](#)
- [Unofficial Funds](#)

PARTNERSHIPS

Why is this Important?

6.1 Partnerships play a key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local authorities are working in partnership with others but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.

General

6.2 The main reasons for entering into a partnership are to share risk, to access new resources, to provide new and better ways of delivering services.

6.3 A partner is defined as either:

- an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project, or
- a body whose nature or status give it a right or obligation to support the project.

6.4 Partners have common responsibilities:

- to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation;
- to acknowledge that the best interest of the partnership is more important than the best interest of each participating group;
- to acknowledge that the partnerships require a level of flexibility which may require non compliance with the Authority's Financial and Contract Standing Orders. Where this arises it should be formally approved by the Treasurer;
- to act in good faith at all times and in the best interests of the partnership's aims and objectives;
- to be open about any conflict of interests that might arise;
- to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors;
- to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature;
- to act wherever possible as ambassadors for the project.

Key Controls

- 6.5 The key controls for the Authority's partners are:
- to be aware of their responsibilities under the Authority's Financial Regulations and Contract Standing Orders and to consider the appropriateness of each control to the partnership and any external funding guidance received;
 - to ensure that processes are put in place which ensure that the partnership is effective in carrying out its duties in the required timely manner.
 - to ensure that risk management processes are in place to identify and assess and mitigate all known risks without affecting the ability of the partnership to effectively function;
 - to ensure that project appraisal processes and a strategic business case is in place to assess the viability of the project in terms of resources, staffing and expertise;
 - to ensure that there is a sound legal vehicle in place prior to any project commencing;
 - to ensure that there are robust arrangements for decision making and that budgets agreed by partners are lawful;
 - to ensure clear accountability where the partnership uses grant income as a source of funding;
 - to agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences;
 - to communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

Responsibilities of the Treasurer

- 6.6 To advise on the use of effective and waiving of ineffective controls within the partnership in order to ensure that resources are not wasted.
- 6.7 To advise, as appropriate, on the key elements of funding a project, including:
- a scheme appraisal for financial viability in both the current and future years;
 - risk appraisal and management;
 - resourcing, including taxation issues;
 - audit, security and control requirements;
 - carry-forward arrangements.
- 6.8 To ensure that the accounting arrangements are satisfactory.
- 6.9 To consider and approve any reasonably required variation to Financial Procedures provided a satisfactory level of control over the interests of the Authority, its Officers and members is maintained.

Responsibilities of Principal Officers

- 6.10 To consult with the Treasurer, as necessary, on a scheme's appraisal for financial viability in both the current and future years.
- 6.11 To ensure that risk management processes are in place to identify, assess

and mitigate all known risks without affecting the ability of the partnership to effectively function.

6.12 To ensure that such agreements and arrangements do not impact adversely upon the services provided either by the Authority or the partnership.

6.13 To ensure that all agreements and arrangements are properly documented.

EXTERNAL FUNDING

Why is this Important?

6.14 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of authorities. Local authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. Funds from external agencies provide additional resources to enable the Authority to deliver services to the local community. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Authority's overall plan.

Key Controls

6.15 The key controls for external funding are:

- to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood;
- to ensure that funds are acquired only to meet the priorities approved in the policy framework by the full Fire and Rescue Authority;
- to ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future capital and revenue budgets reflect these requirements.

Responsibilities of the Treasurer

6.16 To ensure that all funding notified by external bodies is received and properly recorded in the Authority's accounts.

6.17 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future capital and revenue budgets reflect these requirements.

6.18 To ensure that audit requirements are met.

Responsibilities of Principal Officers

- 6.19 To ensure that all checks are carried out to make certain that funding instructions associated in a bid for external funding are taken into account.
- 6.20 To maintain adequate supporting documentation to enable claims for funding to be maximised.
- 6.21 To ensure that all claims for funds are made by the due date.
- 6.22 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.
- 6.23 To ensure that full consideration has been given to exit arrangements relating to time limited grant funding.

WORK FOR THIRD PARTIES

Why is this Important?

- 6.24 Current legislation enables the Authority to provide a range of services to other bodies. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is within the Authority's legal powers.

Key Controls

- 6.25 The key controls for working with third parties are:
 - to ensure that proposals are costed properly in accordance with guidance provided by the Treasurer;
 - to ensure that contracts are drawn up using guidance provided by the Treasurer and that the formal approvals process is adhered to;
 - to issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of Treasurer

- 6.26 To issue guidance with regard to the financial aspects of third party contracts.

Responsibilities of Principal Officers

- 6.27 To ensure that appropriate insurance arrangements are made.
- 6.28 To ensure that the Authority is not put at risk from any bad debts.
- 6.29 To ensure that, wherever practicable, payment is received in advance of the delivery of the service.

- 6.30 To ensure that the department/unit has the appropriate expertise to undertake the contract.
- 6.31 To ensure that such contracts do not impact adversely upon the services provided for the Authority.
- 6.32 To ensure that all contracts are properly documented.
- 6.33 To provide appropriate information to the Treasurer to enable a note to be entered into the statement of accounts.

TRADING ACCOUNTS AND BUSINESS UNITS

Why is this Important?

- 7.1 Under Best Value, authorities are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost. They are also required to disclose the results of significant trading operations in the Statement of Accounts.

Responsibilities of the Treasurer

- 7.2 To advise on the establishment and operation of trading accounts and business units.

Responsibilities of Principal Officers

- 7.3 To observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged, and to produce an annual report in support of the final accounts.

UNOFFICIAL FUNDS

Why is it so Important?

- 7.4 Unofficial funds are those funds that are associated with the Authority, are usually operated by officers of the Authority but do not form part of the accounting records or banking arrangements of the Authority. Examples include Station Welfare Funds. This regulation identifies the responsibilities of staff administering the accounts.

Key Controls

- 7.5 The Authority will not, as a general rule, supervise the financial administration nor audit unofficial funds, and accepts no liability whatsoever for any loss, however caused. Those operating such funds therefore have an overall responsibility to ensure that proper financial stewardship is observed. This includes ensuring that:

- a treasurer and an independent auditor are formally appointed
- proper rules are operated to secure adequate standard;
- adequate records and procedures are maintained;
- regular reports on fund transactions and balances are received and checked against bank statements;
- annual statements of income and expenditure and fund balances are prepared and audited.

7.6 Those operating or intending to operate such funds are also required to:

- notify the Finance Manager of details of the fund as soon as this is set up;
- provide an independent annual audit certificate for the fund to the Finance Manager within three months of the end of the financial year, showing at least opening and closing balances and total income and expenditure;
- be aware that the Head of Audit and Procurement reserves the right to inspect the accounts and records of such funds as necessary.

Anti-Fraud and Corruption Policy

1 INTRODUCTION

- 1.1 North Wales Fire and Rescue Authority employs over 1,000 full and part-time staff. The Authority controls millions of pounds of public money and takes very seriously the high expectations of the public and the degree of scrutiny to which the affairs of the Authority are subject.
- 1.2 In carrying out its functions and responsibilities the Authority wishes to promote a culture of openness and fairness and expects that Members and employees at all levels and others who serve the Authority e.g. temporary workers, agency staff, contractors, voluntary staff and other individuals which the term “employee” may not explicitly capture such as suppliers etc, will adopt the highest standards of propriety and accountability. Proper accountability, achieved through probity, internal control and honest administration is therefore essential. This commitment will result in the desired outcome of creating a zero tolerance culture, promoting high ethical standards, encouraging prevention, promoting detection, and formalising the procedures for investigation. This will assist in minimising the opportunity for fraud and corruption to exist within the Authority’s systems. This framework is in line with the strategic aims and objectives of the Authority in relation to preventing crime and ensuring value for money.
- 1.3 An effective policy requires support across the Authority and involves:
- Culture
 - Prevention (of error, irregularities, fraud and corruption)
 - Detection and Investigation
 - Deterrence
 - Awareness and Training
- 1.4 The Authority's Anti-Fraud and Corruption policy is based on a series of comprehensive and inter-related procedures designed to deter, frustrate, or take effective action against any attempted fraudulent or corrupt acts affecting the Authority.
- 1.5 The Authority must maintain constant vigilance in order to safeguard the resources to which it is entrusted and protect its reputation. This involves raising awareness to deter and identify fraud and, at the same time, ensure there are mechanisms for employees to raise legitimate concerns when they feel justified.
- 1.6 The Authority is also aware of the high degree of external scrutiny of its affairs by a variety of bodies including:
- Public Services Ombudsman for Wales
 - Wales Audit Office
 - The Audit Commission
 - Central Government Departments and Parliamentary Commissions
 - Her Majesty's Revenue and Customs
 - The Department of Works and Pensions
 - National Assembly and Wales Government

2 WHAT IS FRAUD AND CORRUPTION?

Fraud

2.1 The Fraud Act 2006 provides definitions of the criminal offence of fraud and identifies three key offences :

- ***Fraud by false representation*** - a person is in breach of this section if this is done dishonestly and there is intent, by making the representation, to make a gain for himself or another; or to cause or expose the risk of loss to another.
- ***Fraud by failing to disclose information*** - a person is in breach of this section if he dishonestly fails to disclose to another person information which he is under a legal duty to disclose; and intends by failing to do so, to make a gain for himself or another; or to cause or expose the risk of loss to another.
- ***Fraud by abuse of position*** - a person is in breach of this section if he occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person; dishonestly abuses that position with the intention to make a gain for himself or another; or to cause or expose the risk of loss to another.

2.2 It also creates new offences:

- Obtaining services dishonestly
- Possessing, making and supplying articles for use in frauds
- Fraudulent trading applicable to non-corporate traders

2.3 The maximum sentence is 10 years imprisonment.

2.4 The Act largely replaces the laws relating to obtaining property by deception, obtaining a pecuniary advantage and other offences that were created under the Theft Act 1978.

Corruption

2.5 The Bribery Act 2010 provides definitions of the criminal offence of bribery and identifies four key offences:

- **Bribing another person** - A person commits an offense by offering, promising or giving a financial or other advantage to another person, directly or through an intermediary :
 - a) intending that advantage to induce a person to perform improperly a Function or to reward a person for so doing (whether or not it is the same person to whom the advantage is offered) or
 - b) knowing or believing that accepting the advantage would itself be improper performance of a Function.
- **Being bribed** - A person commits this offence by requesting, agreeing to receive or accepting a financial or other advantage, directly or through a third party, for his or her own or someone else's benefit :

- c) that person intends that, as a consequence, there is improper performance of a Function or
- d) there is improper performance of a Function (whether as a reward, in anticipation of or as a consequence of the request, agreement or acceptance). The request, agreement or acceptance itself may be the improper performance of a Function.

- **Bribery of a Foreign Public Figure** – This offence will be committed if a person offers or gives a financial or other advantage to a foreign public official with the intention of influencing the foreign public official and obtaining or retaining business, where the foreign public official was neither permitted nor required by written law to be so influenced.
- **Failing to prevent Bribery** - A company is “strictly liable” for any bribe paid by a person performing services on its behalf, unless the organisation proves that adequate anti-bribery procedures were in place.

2.6 The maximum penalty for the offenses is 10 years' imprisonment and/or an unlimited fine. For the "failure to prevent" offense, the fine alone applies.

2.7 The Bribery Act 2010 replaces the fragmented and complex offences at common law and in the Prevention of Corruption Acts 1889-1916.

3 CULTURE

3.1 The Authority is determined that the culture and tone of the organisation represents honesty and opposition to fraud and corruption.

3.2 There is an expectation and requirement that all individuals and organisations associated with the Authority will act with integrity and that Members and Employees at all levels will lead by example. All aspects of this policy must be complied with and the Authority will maintain a zero tolerance culture to fraud and corruption.

3.3 The Authority's Members and employees are an important element in its stance on fraud and corruption and are positively encouraged to raise any concerns they may have. They can do this in the knowledge that such concerns will be treated in strictest confidence and be properly investigated. If necessary, a route other than to the line manager may be used to raise such concerns, examples of which include:

- Directly with Internal Audit
- The Chief Fire Office
- Head of Department

The Authority also has a *Whistleblowing Policy* to ensure the highest possible standards of openness probity and accountability.

3.4 Members of the public are also encouraged to report any concerns which they may have which may be made by any of the above routes. This may also be via the Investigation Officer, to whom all complaints by members of the public are referred.

3.5 Senior management are responsible for following up any allegations of fraud or corruption received by contacting the Audit Manager. The investigating officer, usually a member of the Internal Audit Department, will:

- Deal promptly with the matter
- Record all evidence received
- Ensure that all evidence is sound and adequately supported
- Ensure the security of all evidence collected
- Contact other agencies, such as the Police (where appropriate)
- Notify the Authority's Insurers (where appropriate)
- Assist management to implement Authority disciplinary procedures (where appropriate)

3.6 Senior management must deal swiftly and firmly with those who defraud the Authority or who are corrupt. The Authority should be considered robust in dealing with financial malpractice.

3.7 There is a need to ensure that any investigation process is not misused. Any abuse, such as raising unfounded or malicious allegations, will be dealt with as a disciplinary matter.

4 **PREVENTION**

4.1 The Corporate Framework requires a whole range of high level component parts, if it is to contribute to the Authority having an effective counter-fraud policy, and some of the key ones include:

- An Anti-Fraud and Corruption Policy Statement which emphasises the importance of probity to all concerned
- Member support
- Codes of Conduct for Members and Employees
- Protocol for Members and Employees on Gifts and Hospitality
- Formal Declarations of Interest for all staff
- Whistleblowing Policy, confidential reporting and Complaints Procedures
- Contracts Standing Orders and Financial Regulations
- IT Security Policy
- Sound internal control systems, procedures and reliable records
- Effective Internal Audit
- Scheme of delegation
- Clear responsibilities, accountabilities and standards
- Effective recruitment procedures
- Induction and training
- The Authority's Disciplinary Procedure

4.2 In particular, employees are required to operate within the following guidelines:

- The Authority recognises that a key measure in the prevention of fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. In this regard temporary and contract employees should be treated in the same manner as permanent employees.
- Employees recruitment is in accordance with procedures laid down by the Human Resources Manager. Written references regarding honesty and integrity of potential employees must be obtained before employment offers are made. Professional qualifications including driving licenses should be checked, where necessary with the examining body, to ensure they are correct as part of the appointment procedure.

- Employees are expected to follow standards of conduct related to their personal Professional Institute, where applicable, and also to abide by any specific Authority requirements on personal conduct.
- The Authority has in place, a Disciplinary Procedure for dealing with allegations of fraud and corruption. All employees are notified of this through the Employees Handbook.
- Members and Employees are reminded under the Authority's *Contract Standing Orders* and *Financial Regulations* that they must operate within *Section 117 of the Local Government Act 1972*. This requires declaration of any interests in contracts (such as membership of contracting bodies) that have been, or are proposed to be, entered into by the Authority. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration.

4.3 Members are required to operate within:

- *Contract Standing Orders and Financial Regulations*
- *The Code of Conduct for the time being in force and*
- *All relevant and applicable legislation*

These matters are brought to the attention of the Member when elected in the form of an information pack, which is signed for by the Member. The Member must then register any potential areas of conflict between Members' Authority duties and responsibilities and any other areas of their personal or professional lives.

4.4 Systems operating:

- The Authority has *Contract Standing Orders* and *Financial Regulations* which place an obligation on employees, when dealing with the Authority's affairs, to act in accordance with best practice.
- The Treasurer has a statutory responsibility under *Section 151 of the Local Government Act 1972, Sections 114 and 116 of the Local Government Finance Act, and Accounts and Audit Regulations*, currently in force, to ensure the proper administration of the Authority's affairs and has procedures in place to ensure that staff and Members are aware of and act in accordance with Financial Regulations and Contract Standing Orders. The Treasurer also maintains a Head of Profession role within the Authority and through this, exercises amongst other things, a quality control through financial administration.
- The Authority has in place systems and procedures which incorporate efficiency and effective internal controls, including adequate separation of duties. Heads of Departments are also required to ensure that such controls, including those in a computerised environment, are properly maintained and documented.
- Their existence and appropriateness is independently monitored by the Internal Audit Department.

5 DETECTION AND INVESTIGATION

- 5.1 The array of preventative systems, particularly internal control systems within the Authority, help to provide indicators of and help to deter, any fraudulent activity.
- 5.2 It is often the alertness of staff, Members and the public to the possibility of fraud and corruption that enables detection to occur and appropriate action to be taken. The Authority's *Whistleblowing policy* is intended to encourage enable staff to raise their concerns.
- 5.3 Despite the best efforts of financial managers and auditors, many frauds are discovered by chance or "tip-off", and the Authority has in place arrangements to enable such information to be properly dealt with.
- 5.4 Employees of the Authority are required by its *Contract Standing Orders* and *Financial Regulations* to report all suspected irregularities to Internal Audit either directly or through line management. Reporting is essential to the Anti-Fraud and Corruption policy, as this:
- a) Ensures the consistent treatment of information regarding fraud and corruption.
 - b) Facilitates proper investigation by an experienced Audit team.
 - c) Ensures proper implementation of a fraud response investigation plan.
- 5.5 The Authority takes part in the National Fraud Initiative which is coordinated by Internal Audit.
- 5.6 Depending on the nature and anticipated extent of the allegations, Internal Audit will normally work closely with senior managers of the service concerned and other agencies, such as the Police, to ensure that all allegations and evidence are properly investigated and reported on.
- 5.7 The Authority's *Disciplinary policy and procedures* will be used where the outcome of the audit investigation indicates improper behaviour and the Human Resources Manager considers appropriate.
- 5.8 The Authority will normally wish the Police to be made aware of and to independently prosecute offenders where financial impropriety or other crime is discovered.

6 DETERRENCE

- 6.1 There are a number of ways to deter potential fraudsters from committing or attempting fraudulent or corrupt acts, whether they are inside and/or outside of the Authority, and these include:
- Publicising the fact that the Authority is firmly set against fraud and corruption and states this at every appropriate opportunity.
 - Acting robustly and decisively when fraud and corruption are suspected and proven e.g. the termination of contracts, dismissal, prosecution, reporting employee to their professional body etc.
 - Taking action to effect the maximum recoveries for the Authority e.g. through agreement, Court action, penalties, under Proceeds of Crime Act etc.

- Having sound internal control systems, that still allow for innovation, but at the same time minimising the opportunity for fraud and corruption.
- The formal arrangements for whistleblowing.
- Publicising instances of fraud/corruption and the resultant disciplinary/prosecution action for cases both within the Authority and for other public organisations.

7 **AWARENESS AND TRAINING**

- 7.1 The Authority recognises that the continuing success of its *Anti-Fraud and Corruption policy* and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of elected members and employees throughout the organisation.
- 7.2 To facilitate this, the Authority supports the provision of training programmes and circulation of relevant information to ensure that responsibilities and duties in this respect are regularly highlighted and reinforced. This includes the requirement for information to be provided to third parties providing services to and on behalf of the Authority.
- 7.3 Specialist training in fraud and corruption issues will also be given to appropriate staff involved in investigation work.
- 7.4 The Authority will publicise the Anti-Fraud and Corruption policy on the Intranet with other up to date advice and guidance on current issues and will provide fraud awareness training to staff as and when required.

8 **CONCLUSION**

- 8.1 The Authority has in place a clear network of systems and procedures to prevent fraud and corruption. It is determined that these arrangements will keep pace with any future developments in techniques for preventing fraudulent or corrupt activity that may affect its operation.
- 8.2 To this end, the Authority maintains a continuous overview of such arrangements and through the Treasurer; it will ensure a regular review of its *Contract Standing Orders*, *Financial Regulations*, *Financial Codes of Practice* and audit arrangements.