

## West Yorkshire Combined Authority Financial Regulations

### 1. Introduction

- 1.1. Financial regulations provide the framework for managing the West Yorkshire Combined Authority's financial affairs and apply at all times to all Members and officers of the West Yorkshire Combined Authority (the Combined Authority).
- 1.2. The **Director of Corporate Services** is designated under Section 73 Local Government Act 1985 as the officer who is responsible for the proper administration of the financial affairs of the Combined Authority (the Chief Finance Officer).
- 1.3. The Chief Finance Officer shall make suitable arrangements to ensure that these financial regulations are made known to all officers of the Combined Authority.

### 2. Financial Management

- 2.1. The Chief Finance Officer is responsible for:
  - 2.1.1. the proper administration of the Combined Authority's financial affairs
  - 2.1.2. determining the accounting procedures and records
  - 2.1.3. the maintenance of all necessary financial records and procedures and ensuring their retention in accordance with statute
  - 2.1.4. selecting accounting policies and ensuring that they are consistently applied
  - 2.1.5. ensuring, not later than the date specified in government regulations, the preparation and submission to the Combined Authority of the annual statement of accounts for the year ending on the preceding 31 March; such statements of accounts being in a form prescribed by the Chief Finance Officer in compliance with the Accounts and Audit Regulations currently applicable.

- 2.2. The Chief Finance Officer will be responsible for, in consultation with the Directors, nominating and maintaining the Budget Holders and Controllers for each of the cost centres. The Chief Finance Officer may also nominate Senior Budget Holders to assist the Budget Controller in carrying out the day to day management of budgetary control; the ultimate budgetary responsibility remains with the Budget Controllers.
- 2.3. Budget Holders / Senior Budget Holders and Controllers are responsible for:
  - 2.3.1. providing any information required to enable the annual accounts to be completed
  - 2.3.2. complying with all accounting guidance issued by the Chief Finance Officer or Head of Finance.

### **3. Financial Planning**

- 3.1. The Chief Finance Officer shall prepare a medium term financial strategy comprising a forecast of revenue expenditure and income for discussion with District Councils in relation to future levies and funding and report such discussions to the Combined Authority. Such a strategy must reflect the priorities and plans of the Combined Authority; it is the responsibility of Budget Controllers to advise the Chief Finance Officer of changes to their resource requirements over the period under review.
- 3.2. The Chief Finance Officer shall ensure that a revenue budget is prepared on an annual basis for consideration at a meeting of the Combined Authority **before 10th February prior** to the start of the financial year, **allowing for call in if required**. At that meeting determination shall be made of the level of the levy and other contributions for the following year. **The levy must be agreed by the 15<sup>th</sup> February each year.**
- 3.3. The Chief Finance Officer is responsible for advising on the format of the revenue budget and for ensuring that the mechanism for financial control and management of the budget is in place.
- 3.4. The Combined Authority shall approve the revenue budget. The Chief Finance Officer is responsible for providing appropriate financial information to Budget Controllers and Budget Holders to enable them to effectively monitor their budgets.
- 3.5. A Budget Controller is ultimately responsible for the monitoring and control of the budget for their cost centres. The Budget Holder is responsible for the day to day management of their budget and must immediately bring to the Budget Controller's attention any actual or expected overspend or underspend against approved budgets. The Budget Holder must also ensure that all monies are spent in the best interests of the Combined Authority and ensure maximum efficiency.

- 3.6. A Budget Controller may propose assignees to have the authority to approve purchase requisitions or invoices up to predetermined levels. This must be agreed in writing with the Head of Finance. Budgetary responsibility remains with the Budget Holder and Controller.
- 3.7. A Budget Controller, Holder or assignee must be an officer of the Combined Authority.
- 3.8. No expenditure shall be authorised or incurred which is not provided for in the approved budget. If a Budget Controller wishes to spend money which is not included in their approved revenue budgets and where it is not possible to vire money from an existing budget, in line with the approved budget management delegations, then they must notify the Head of Finance who will advise on how to proceed.
- 3.9. The Chief Finance Officer shall monitor the Combined Authority's expenditure and controls in relation to its budget and report any significant variations to the Governance and Audit Committee and together with any recommendation of that committee to a subsequent meeting of the Combined Authority.

#### **4. Capital Expenditure**

- 4.1. Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the Combined Authority, such as land, buildings and vehicles. They frequently create financial commitments for the future in the form of financing costs and revenue running costs.
- 4.2. The Chief Finance Officer, in consultation with the Managing Director and other Directors, shall present to the Combined Authority an indicative capital programme for the current and future years with the annual budget report.
- 4.3. No capital expenditure shall be incurred without first being approved by the Combined Authority in accordance with the requirements of the Assurance Framework. All proposed expenditure on schemes to be the subject of a report to the Combined Authority, its Transport Committee or the West Yorkshire and York Investment Committee as the case may be, setting out the nature and justification for the scheme plus the anticipated capital costs and revenue consequences.
- 4.4. Expenditure on a capital scheme which is in excess of the approval **approved tolerances** granted by the Combined Authority or a relevant committee of the Combined Authority is not permitted without a further report to the Combined Authority or the relevant Committee. All capital expenditure incurred during the financial year shall be reported to the Combined Authority by the Chief Finance Officer in an annual report to coincide with the annual accounts.
- 4.5. All funding arrangements shall be undertaken by the Chief Finance Officer in accordance with any decisions or delegations made by the

Combined Authority. The Chief Finance Officer shall include a full statement of the funding arrangements actually applied in the annual final accounts approved by the Governance and Audit Committee.

## **5. Risk Management and Control of Resources**

### **Risk Management**

- 5.1. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. It evaluates the measures already in place to manage identified risks and recommends the action required to control these risks effectively.
- 5.2. **The Director of Corporate Services** is responsible for ensuring an appropriate risk management policy is in place and for reviewing the effectiveness of risk management.

### **Internal Control**

- 5.3. Internal control refers to the systems of control devised by management to help ensure the Combined Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Combined Authority's assets and interests are safeguarded.
- 5.4. The Chief Finance Officer is responsible for advising on effective systems of internal control that will provide reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.

### **Audit**

- 5.5. The Combined Authority is required by legislation to provide an internal audit function.
- 5.6. The internal audit function is an independent and objective appraisal function established by the Combined Authority. It examines, evaluates and reports on the adequacy of internal controls, compliance with Contracts Standing Orders and Financial Regulations, security of assets and adequacy of the financial systems. It also evaluates the effectiveness of internal controls in operation and assesses their adequacy in relation to the prevention or detection of fraud.
- 5.7. The Internal Audit department is headed by the **Head of Internal Audit** who reports to the **Director of Corporate Services**.
- 5.8. The Internal Audit department shall have the authority to:
  - 5.8.1. access all premises, assets, records, documents, correspondence and control systems

- 5.8.2. receive any information and explanations considered necessary from any Director or officer
  - 5.8.3. require any officer to account for cash or other assets under their control
  - 5.8.4. directly access the Head of Paid Service (Managing Director) and the Governance and Audit Committee if necessary
  - 5.8.5. issue immediate recommendations to a Director prior to formal consideration of their report if they deem the matter as requiring urgent action.
- 5.9. The Governance and Audit Committee shall approve a strategic audit plan, which takes account of the characteristics and relative risks of the activities involved. The **Head of Internal Audit** shall ensure that effective procedures are in place to investigate promptly any fraud or irregularity.

#### **External Audit**

- 5.10. External audit shall be carried out by an auditor appointed in accordance with the legislative requirements who will report annually, or more often if deemed necessary, to the Governance and Audit Committee.
- 5.11. All reports written by external audit must be considered by the Governance and Audit Committee.

#### **Preventing Fraud and Corruption**

- 5.12. The Combined Authority will not tolerate fraud and corruption in the administration of its responsibilities. The expectation of propriety and accountability is that members of the Combined Authority and officers at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices. The Chief Finance Officer will ensure an effective anti-fraud and anti-corruption policy is maintained.
- 5.13. All members of the Combined Authority and officers shall follow the appropriate codes of conduct adopted by the Combined Authority in relation to declarations of interests, gifts and hospitality as well as following agreed staffing policies.
- 5.14. The Head of Legal and Governance Services is responsible for issuing guidance to officers regarding what to do when offered goods and/or services by actual or potential suppliers to the Combined Authority.
- 5.15. The Head of Legal and Governance Services maintains a register of interests in which officers must record details of notifiable financial or other interests and any hospitality or gifts offered to them and their

responses to the offer. This register is formally reviewed by the Head of Legal and Governance Services on a regular basis.

- 5.16. Detailed procedures in relation to the supply of all works, goods and services are set out in Contracts Standing Orders.

### **Security of Assets**

- 5.17. It is important that all assets including land and property, cash, vehicles, plant, furniture and equipment are safeguarded and used efficiently in service delivery.
- 5.18. It is the responsibility of the Chief Finance Officer to maintain an asset register for all fixed assets with a value in excess of £4,000. All items of furniture, fittings, plant and equipment shall be included on an inventory.
- 5.19. It is the responsibility of each Budget Controller to:
- 5.19.1. make proper arrangements for the secure control and safe custody of all assets in respect of their area of responsibility
  - 5.19.2. ensure that the property procedures are adhered to by all officers
  - 5.19.3. inform the Chief Finance Officer of any instances where they believe the security to be inadequate
  - 5.19.4. ensure that designated officers are personally responsible for the safekeeping of keys
  - 5.19.5. ensure that designated Managers review the security of the premises under their control on a regular basis.
- 5.20. The functional Budget Controller is responsible for arranging a procedure for the safe custody and control of stocks and stores. These arrangements must be approved by the Chief Finance Officer.
- 5.21. The Chief Finance Officer may write-off/write down asset and stock valued at less than **£1,000**. Assets and stock valued at more than **£1,000** shall be written-off/written down by the Combined Authority following a recommendation of the Chief Finance Officer.
- 5.22. Any instance of loss or theft of Combined Authority property must be notified to the Chief Finance Officer.
- 5.23. If the loss or theft involved data that could be deemed sensitive or confidential then this must be managed in line with the Combined Authority's Data and Systems Security Incident Management Policy and Procedure.

## **Disposal of Assets**

- 5.24. The Head of Procurement is responsible for arranging the disposal of any assets deemed to be obsolete, non-repairable or unnecessary.
- 5.25. The Head of Procurement is authorised to dispose of surplus or obsolete stores or equipment. Where they believe the sales value to be higher than **£1,000** for each transaction then they are also responsible for ensuring that these sales are made by competitive tender or public auction.
- 5.26. All disposals to officers, related parties or members require the prior approval of the relevant Director/Managing Director.
- 5.27. Any acquisition or disposal of land must be carried out in accordance with the Combined Authority's Contracts Standing Orders.

## **Treasury Management**

- 5.28. It is the responsibility of the Chief Finance Officer to minimise the requirement for borrowing and investment and to:
  - 5.28.1. arrange all borrowing and investments in the name of the Combined Authority
  - 5.28.2. prepare a Treasury Management policy for adoption by the Combined Authority at its budget meeting
  - 5.28.3. report to the Combined Authority on any such borrowings and investments (other than the regular overnight investments) on at least a half yearly basis
  - 5.28.4. operate bank accounts as considered necessary and issue instructions on how these are to be used and managed
  - 5.28.5. provide imprest accounts and determine the petty cash limits of each one.

## **6. Financial Systems and Procedures**

- 6.1. The Chief Finance Officer is responsible for:
  - 6.1.1. the operation of the Combined Authority's accounting system, the form of accounts and the supporting financial records
  - 6.1.2. issuing guidance and advice and procedures to officers
  - 6.1.3. approving any changes to existing financial systems
  - 6.1.4. approving the introduction of any new financial systems

- 6.1.5. ensuring the operation of appropriate controls covering input to the financial system, the processing of the information and any output
- 6.1.6. ensuring that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls
- 6.1.7. ensuring that the business recovery plan makes adequate preparations for ensuring that financial systems can be recovered in the event of an interruption
- 6.1.8. ensuring that finance systems are documented and staff are trained in how to operate them
- 6.1.9. issuing appropriate instructions on the systems for collecting and recording income, and ordering and payment of goods and services.

### **Payments to officers**

- 6.2. The Chief Finance Officer is responsible for:
  - 6.2.1. arranging and controlling the secure payment of wages and any other emoluments to officers in their capacity as employees, in accordance with procedures prescribed by the Chief Finance Officer, on the due date
  - 6.2.2. recording and making arrangements for the accurate and timely payment of tax, national insurance, pension deductions and any other deductions
  - 6.2.3. making arrangements for the payment of travel and subsistence claims
  - 6.2.4. ensuring the appropriate systems, records and documentation are maintained on behalf of the administering pension body.

### **Taxation**

- 6.2.5. The Chief Finance Officer is responsible for advising officers on all taxation issues that affect the Combined Authority. The Chief Finance Officer is responsible for maintaining tax records, making all tax payments and submitting tax returns by their due date as appropriate.



## **Purchasing and payment to suppliers**

- 6.3. The Chief Financial Officer is responsible for:
- 6.3.1. ensuring that the Combined Authority's Contracts Standing Orders remain technically correct, up to date and fit for purpose and ensuring that they are adhered to,
  - 6.3.2. ensuring that training and guidance is available for officers and providing access to advice and guidance,
  - 6.3.3. ensuring compliance with directives issued by the H.M. Revenue and Customs and the Construction Industry Tax Deduction Scheme,
  - 6.3.4. ensuring the accurate payment of supplier invoices to agreed terms and, where applicable, to matched / cleared purchase orders, and
  - 6.3.5. ensuring that detailed procedures in relation to the supply of all works, goods and services are set out in the Combined Authority's **Contracts** Standing Orders.

## **Income management**

- 6.4. The Chief Financial Officer is responsible for:
- 6.4.1. determining the standard payment methods that may be used to collect income and maintaining internal controls with regards to segregation of duties,
  - 6.4.2. managing the Combined Authority's debt recovery procedures and processes, **including authority for writing off bad debts. The Head of Finance is authorised to write off bad debts up to £1,000** and
  - 6.4.3. determining the practice for cash receipting, cash storage and banking.

## **External Funding and Grants**

- 6.5. The Chief Financial Officer is responsible for:
- 6.5.1. ensuring there are proper processes and procedures in place for the completion, assessment, authorisation and submission of applications for external funding and any subsequent claims,
  - 6.5.2.** authorising the acceptance of any grant offer on behalf of the Combined Authority, and identifying the appropriate Budget Holder and Budget Controller for expenditure of the funding

subject to all the terms and conditions imposed by the grant awarding **body.**<sup>1</sup>

- 6.5.3. ensuring all statutory financial returns related to external funding are completed and submitted in line with relevant guidelines, and
- 6.5.4. ensuring the income due from grant claims is received and that records are kept for the reconciliation of grants due and received. Such records must have robust audit trails and meet External Audit requirements.

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<sup>1</sup> The Head of Finance is authorised to accept any grant offer on behalf of the Combined Authority of up to £1 million, provided that the acceptance is on terms and conditions in accordance with the bid.