

Part 4

Section 4.8 – Financial Regulations

These Regulations apply to all officers conducting Combined Authority matters including general mayoral matters but excluding those specific matters relating to mayoral Police and Crime Commissioner Functions where separate regulations will apply.

1. General

- 1.1 These Regulations lay down for the guidance of Members and officers, principles to be followed in securing the proper administration of the Combined Authority's financial affairs and shall be reviewed at intervals of not more than three years.
- 1.2 Members and officers will be reminded annually of their responsibility to comply with these Financial Regulations (and associated Contract Standing Orders). Reminders will be sent by the Finance Team in the month following the Annual General meeting of the Combined Authority.
- 1.3 The Director, Finance and Commercial 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 Section 73 Chief Finance Officer) and shall report to the Combined Authority any significant failure to comply with these Regulations which comes to their attention.
- 1.4 The Head of Paid Service and the Section 73 Chief Finance Officer shall be responsible for the accountability and control of all resources managed by them on behalf of the Combined Authority.
- 1.5 For the purposes of complying with these Regulations, the Section 73 Chief Finance Officer shall be provided with any information they may require and shall have access to any documents and records, as necessary.
- 1.6 Whenever any matter arises which may involve financial irregularity the Section 73 Chief Finance Officer shall be notified immediately, and if an irregularity is disclosed the matter shall, at the discretion of the Section 73 Chief Finance Officer and after consultation with the Head of Paid Service, be referred by them to the Combined Authority. Further, in a case where the Head of Paid Service advises that there is prima facie evidence of a criminal offence having been committed, the matter shall be reported to the Police forthwith.

2. Staffing

- 2.1 The Head of Paid Service will be responsible for providing overall management to staff employed by the Combined Authority.
- 2.2 The Head of Paid Service and the Section 73 Chief Finance Officer will be responsible for ensuring that there is proper use of evaluation or other agreed systems for determining remuneration.
- 2.3 The Section 73 Chief Finance Officer will:
 - 2.3.1 Ensure that budget provision exists for all existing and new employees;
 - 2.3.2 Ensures that appropriate mechanisms are in place to support the payment of salaries and any other related payments to staff;
 - 2.3.3 Set out and issue a staff expenses scheme to be followed where staff incur personal expenses when carrying out their duties on behalf of the Combined Authority.
- 2.4 The Section 73 Chief Finance Officer is responsible for:
 - 2.4.1 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 Section 73 Chief Finance Officer, on the due date
 - 2.4.2 recording and making arrangements for the accurate and timely payment of tax, national insurance, pension deductions and any other deductions;
 - 2.4.3 making arrangements for the payment of travel and subsistence claims;
 - 2.4.4 ensuring the appropriate systems, records and documentation are maintained on behalf of the administering pension body.
- 2.5 Directors must ensure that appointments are made in accordance with the approved establishment and scales of pay and the adequate budget provision is available. An annual staffing budget must be produced (including on costs and overheads) which should be an accurate forecast of staffing levels and associated costs.
- 2.6 Payroll documents must be retained and stored for the defined period in accordance with guidance issued by the Section 73 Chief Finance Officer.
- 2.7 Directorate managers shall notify the Finance Team of all matters affecting payment to employees - including appointments, resignations, dismissals, suspensions, secondments and pay awards, absences from duty for sickness and other reasons affecting pay, information necessary to maintain records of service for pension purposes, income tax and national insurance.

3. Accounting Arrangements

- 3.1 The Section 73 Chief Finance Officer shall prepare a manual of financial and accounting procedures to be operated by officers working on Combined Authority matters.
- 3.2 All accounting and financial arrangements shall be determined by the Section 73 Chief Finance Officer who shall be consulted before any form or document of a financial or costing nature is introduced.
- 3.3 The Section 73 Chief Finance Officer shall be responsible for the certification of all claims for grant to Government Departments, or other funders. Directors must ensure expenditure is compliant with relevant grant conditions.
- 3.4 The Section 73 Chief Finance Officer is responsible for 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 Section 73 Chief Finance Officer in compliance with the Accounts and Audit Regulations currently applicable.
- 3.5 The Annual Accounts must be approved by the Combined Authority within the statutory deadlines.
- 3.6 At the end of the financial year, Directors must supply the Section 73 Chief Finance Officer with information in such form and by such date as is determined to enable the prompt close of the Combined Authority's Annual Accounts.
- 3.7 If the External Auditor's Report requires any material amendment to be made to the Annual Accounts, this must be then reported to the Combined Authority as soon as practicable after the receipt of the audit report.

4. Banking Arrangements

- 4.1 All arrangements with the Combined Authority's bankers, including the ordering and safe custody of cheques and online banking arrangements, shall be made by the Section 73 Chief Finance Officer who shall be authorised to operate such banking accounts, as they consider necessary.
- 4.2 All cheques drawn on behalf of the Combined Authority shall be signed by, or bear the facsimile of the Section 73 Chief Finance Officer, or the signature of any other duly authorised officer.
- 4.3 The Section 73 Chief Finance Officer will maintain a schedule of signatories for each bank account in line with the agreed mandate with the bankers.

5. Budgetary Control

- 5.1 The detailed form of the indicative programme of capital expenditure and

revenue estimates shall be determined by the Section 73 Chief Finance Officer after consultation with appropriate Directors, in accordance with any general directions of the Combined Authority and the Mayor for the Mayoral General Functions.

- 5.2 The Section 73 Chief Finance Officer shall monitor the Combined Authority's expenditure and controls in relation to its budget and report any significant variations to the appropriate Committee and together with any recommendation of that committee to a subsequent meeting of the Combined Authority.
- 5.3 It is the responsibility of Directors to ensure business plans reflect agreed budget estimates. Directors are responsible for the continuous exercise of budgetary control and service performance throughout the year. The Section 73 Chief Finance Officer is responsible for, in consultation with the Directors, nominating and maintaining the Budget Controller and Budget Holders for each of the cost centres. These assigned roles are responsible for reporting on variations to the Section 73 Chief Finance Officer and complying with all accounting and budget management guidance issued by the Section 73 Chief Finance Officer or Head of Finance.
- 5.4 The Budget Controllers / Holders must be an officer of the Combined Authority.
- 5.5 Though budget responsibility remain with the Budget Controllers, they 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 Section 73 Chief Finance Officer.
- 5.6 The assigned Budget Controllers are responsible for the monitoring and control of the budgets assigned to them by Directors. An assigned Budget Holder is responsible for the day to day management of their budget and must immediately bring to the Budget Controller's attention any 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.
- 5.7 No expenditure shall be authorised or incurred which is not provided for in the approved budget. If a Director / 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.
- 5.8 Where the Combined Authority operates in partnership or similar arrangements, Directors must set out the roles and responsibilities of all parties including a sound framework of internal controls. All proposed financial arrangements must be subject to prior approval of the Section 73 Chief Finance Officer and subject to compliance checks as deemed necessary.

6. Capital and Revenue Budget Planning - Medium Term Financial Plans

6.1 Combined Authority Budget

- 6.1.1 The Section 73 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 and the Mayor; it is the responsibility of Directors to advise the Section 73 Chief Finance Officer of changes to their resource requirements over the period under review.
- 6.1.2 The Section 73 Chief Finance Officer shall ensure that a revenue budget is prepared on an annual basis for consideration and approval 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, Mayoral precepts and other contributions for the following year. The transport levy must be agreed by the 15th February each year.
- 6.1.3 The Section 73 Chief Finance Officer, in consultation with appropriate Directors, shall prepare an annual estimate of capital expenditure for submission and approval to the Combined Authority, together with proposals for financing that programme. Full approvals for capital projects and funding / financing proposals will be considered through the West Yorkshire Combined Authority Assurance Framework approval processes.
- 6.1.4 The Section 73 Chief Finance Officer, in consultation with appropriate Directors, shall prepare annual estimates of revenue expenditure and income, indicating the levy (in relation to the Combined Authority transport functions) and additional amounts payable by the Constituent Councils (in relation to the Combined Authority non transport functions) necessary to finance the net expenditure for the next financial year.

6.2 Mayoral General Budget

- 6.2.1 The Section 73 Chief Finance Officer, in consultation with appropriate Directors and the Mayor shall prepare annual estimates of revenue expenditure and income and a capital programme associated with the Mayoral General Functions, indicating the general component of the Mayor's Precept to be levied and any associated borrowing requirement.
- 6.2.2 The Mayor will submit the draft Mayor's General Budget, the general component of the Mayor's Precept and associated borrowing requirement to the Combined Authority for consideration and approval.

- 6.2.3 The Combined Authority may veto the draft Mayor's General Budget, the general component of the Mayor's Precept and propose changes to the Mayor who may then submit a revised draft budget for consideration and approval.
- 6.2.4 The Combined Authority will approve the Mayor's General Budget, the general component of the Mayor's Precept incorporating any Combined Authority recommendations as to the relevant amounts and any associated borrowing requirements.

7. Control of Expenditure

7.1 Capital Schemes

- 7.1.1 Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the Combined Authority and its partners, such as land, buildings and vehicles. They may create financial commitments for the future in the form of financing costs and revenue running costs.
- 7.1.2 Before a capital scheme for which provision is made may proceed, it must proceed through the West Yorkshire Combined Authority Assurance Framework processes and approval routes. This is applicable too for proposals submitted by the Mayor.
- 7.1.3 The proposal will report on the ongoing revenue implications of the scheme as part of the approval requested.
- 7.1.4 After a capital scheme has been approved, relevant Directors shall inform the Section 73 Chief Finance Officer as soon as practicable of any likely overspending and submit the relevant change request using the West Yorkshire Combined Authority Assurance Framework approval processes.

7.2 Combined Authority Revenue Budget

- 7.2.1 The Combined Authority will determine the amounts to be allocated to Combined Authority functions. The Head of Paid Service, in conjunction with Directors, will monitor expenditure against this approval, and report on a regular basis agreed with the Section 73 Chief Finance Officer to the Combined Authority showing forecast variations from the budget allocated. It will be a matter for the Combined Authority to determine from this information whether expenditure priorities should be changed within the funding envelopes available.
- 7.2.2 The Section 73 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 and for providing appropriate financial information to Directors to enable them to effectively monitor their budgets.

7.2.3 For revenue expenditure any likely overspending shall be reported by Directors as soon as practicable to the Section 73 Chief Finance Officer. Where it is not possible to finance an overspending by a transfer between expenditure budget heads (see virements and delegations below), the matter shall be referred to the Combined Authority for consideration.

7.2.4 The Section 73 Chief Finance Officer will determine guidelines for carrying forward of surplus and deficits on budget headings.

8. Virements

8.1 The Section 73 Chief Finance Officer shall be authorised to approve virements between expenditure heads up to £200,000. Anything in excess of these limits shall be reported for approval to the Combined Authority or Mayor as appropriate. Virements are deemed to be:

8.1.1 Revenue - A transfer of budget for a different purpose to that set out in the approved budget;

8.1.2 Capital - a movement of budget between approved capital schemes.

8.2 In accordance with the scheme of virement and associated thresholds, the Section 73 Chief Finance Officer is responsible for virement proposals submitted by Directors for revenue. The capital expenditure approved virement / changes will be processed through the West Yorkshire Combined Authority Assurance Framework processes.

8.3 In conjunction with Directors, the Section 73 Chief Finance Officer is to report to and seek the prior approval of the Combined Authority or the Mayor for any revenue expenditure where it is for the release of earmarked sums from reserves or will have an adverse impact on a priority within the approved budget.

8.4 The Section 73 Chief Finance Officer is to report and seek the approval of the Head of Paid Service (in consultation with the Chair of the Combined Authority) to the exercise of the virement powers of the Combined Authority where a matter is urgent.

9. Maintenance of Balances / Reserves / Provisions

9.1 The Section 73 Chief Finance Officer will ensure that there are clear protocols for the establishment and use of balances/reserves/provisions and, in consultation with Directors, will establish reserves and/or provisions and provide guidance on how to incur expenditure from balances/reserves/provisions.

9.2 The Section 73 Chief Finance Officer is to seek Combined Authority or Mayoral, as appropriate, approval for the use of balances, reserves or provisions in addition to those already approved in setting the original budget.

- 9.3 Directors must ensure that the use of reserves or provisions when approved is planned into the budget and used only for the purposes for which they were intended.

10. Borrowing and Investments

- 10.1 The Section 73 Chief Finance Officer shall be the Combined Authority's registrar of stocks, bonds, bills and mortgages and all borrowings shall be made by, or under the supervision, of the Section 73 Chief Finance Officer in the name of the Combined Authority.
- 10.2 The Section 73 Chief Finance Officer shall maintain records of all monies borrowed and shall be responsible for the day-to-day administration of borrowed monies, whether through a service level agreement / contract arrangement or an in-house team.
- 10.3 The Section 73 Chief Finance Officer shall ensure that the Treasury Management Code of Practice and the Prudential Code are complied with and shall, as recommended by the Codes of Practice, periodically submit relevant reports to the Combined Authority in relation to the Combined Authority's borrowings.

11. Contracts

- 11.1 All contracts and their management on behalf of the Combined Authority shall be subject to the Combined Authority's Contracts Standing Orders. The Section 73 Chief Finance Officer shall be informed as soon as possible by Directors of all contracts, agreements, awards or other instruments involving the payment or receipt of money on behalf of the Combined Authority and shall carry out such checks as considered necessary during the currency of a contract.
- 11.2 Payment to contractors on account shall be authorised only on certified documents signed by a duly authorised Officer, showing the total amount of the contract, value of the work executed to date, retention money, amount paid to date and the amount now certified.
- 11.3 Every variation of a contract or addition to the original specification shall be authorised, in writing, by a duly authorised Officer. Any such variation or addition which necessitates an increase in the amount of an accepted tender are managed in line with the Combined Authority's Contracts Standing Orders. No order shall be placed, nor any payment certified, in respect of any such variation or addition until this has been approved.
- 11.4 Claims received from contractors in respect of matters clearly not within the terms of the appropriate contract shall be referred to the Head of the Paid Service for consideration of the Combined Authority's legal liability and to the Section 73 Chief Finance Officer for financial consideration before settlement is negotiated.

12. Estates and Property

- 12.1 The Director, Transport Operations and Passenger Experience shall maintain a record of all estates and properties owned by the Combined Authority in a form approved by the Section 73 Chief Finance Officer.
- 12.2 The Monitoring Officer shall be responsible for the safe custody of all legal documents under secure arrangements agreed with the Section 73 Chief Finance Officer.
- 12.3 Directors shall ensure that records and assets are properly maintained and securely held. They shall also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

13. Assets for Disposal

- 13.1 The Head of Commercial is responsible for arranging the disposal of any assets deemed to be obsolete, non-repairable or unnecessary.
- 13.2 The Head of Commercial 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.
- 13.3 All disposals to officers, related parties or members require the prior approval of the relevant Director/Chief Executive.
- 13.4 Any acquisition or disposal of land must be carried out in accordance with the Combined Authority's Contracts Standing Orders

14. Income

- 14.1 The collection of all money due to the Combined Authority shall be under the supervision of the Section 73 Chief Finance Officer who shall issue detailed procedural guidance to be followed by relevant officers.
- 14.2 All money received by an officer on behalf of the Combined Authority shall, without delay, be paid intact to the Section 73 Chief Finance Officer, or if directed, to the Combined Authority bank account.
- 14.3 Directors will provide the Section 73 Chief Finance Officer details in connection with work completed, goods, supplies or services rendered and of all other amounts due as may be required to record correctly all sums receivable by the Combined Authority and to ensure prompt rendering of accounts for the collection of income.

- 14.4 Directors will notify the Section 73 Chief Finance Officer promptly of all money due to the Combined Authority and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Combined Authority.
- 14.5 All receipt forms, books, tickets and other such items shall be ordered and supplied to departments by the Section 73 Chief Finance Officer who shall satisfy themselves as to the arrangements for their control.
- 14.6 The Section 73 Chief Finance Officer is responsible for 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.
- 14.7 Every transfer of official money from one officer to another shall be evidenced in the records of the departments concerned by the signature of the receiving officer.

External Funding and Grants

- 14.8 The Section 73 Chief Finance Officer is responsible for:
 - 14.8.1 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;
 - 14.8.2 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. 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;
 - 14.8.3 ensuring all statutory financial returns related to external funding are completed and submitted in line with relevant guidelines, and;
 - 14.8.4 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.

15. Insurance

- 15.1 The Section 73 Chief Finance Officer shall, subject to any general direction of the Combined Authority, arrange such insurances in the name of the Combined Authority as they consider necessary, and shall inform Directors annually of the insurances in force in respect of their department.
- 15.2 Directors shall give prompt notification to the Section 73 Chief Finance Officer of all new risk, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

- 15.3 Directors shall inform the Section 73 Chief Finance Officer promptly in writing of any event which may involve the Combined Authority in a claim on the Combined Authority's insurers.
- 15.4 Indemnities on behalf of the Combined Authority can only be given by the Head of Paid Service.

16. Risk Management

- 16.1 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.
- 16.2 The Combined Authority shall approve the risk management strategy and shall review the effectiveness of risk management. The Section 73 Chief Finance Officer shall prepare and promote the risk management strategy and develop appropriate risk management controls.
- 16.3 Directors shall be responsible for the identification, classification and control of all risks falling within their areas of responsibility. The risks identified shall be included in the Corporate Risk Register which will be subject to periodic review. Directors should notify the Section 73 Chief Finance Officer, in writing of any loss, liability or damage or any event likely to lead to a claim.
- 16.4 Directors shall take responsibility for risk management within their areas of responsibility, having regard from relevant advice from specialists (e.g. fire safety, health and safety, insurance) and shall undertake regular reviews of risk within their own Departments.

17. CIPFA Treasury Management Code of Practice

- 17.1 In line with CIPFA recommendations, the Combined Authority has adopted the following:
- To create and maintain, as the cornerstones for effective treasury management.
 - A Treasury Management Policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
 - Suitable Treasury Management Practices (TMPs), setting out the manner in which the Combined Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
 - The Combined Authority will receive reports on its Treasury Management Policies, practices and activities, including, as a

minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

- The Combined Authority delegates responsibility for the implementation and regular monitoring of its Treasury Management Policies and Practices to the Governance and Audit Committee, and for the execution and administration of treasury management decisions to the Section 73 Chief Finance Officer of the Combined Authority, who will act in accordance with the Combined Authority's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
- The Combined Authority has nominated its Governance and Audit Committee to ensure effective scrutiny of the Treasury Management Strategy and Policies.

18. Internal Audit

- 18.1 The Combined Authority is required by legislation to provide an internal audit function. 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.
- 18.2 The Section 73 Chief Finance Officer shall, so far as they consider necessary:
- Arrange for the internal audit of all accounts and financial transactions of the Combined Authority and its officers.
 - Supervise security arrangements and the custody and safeguarding of Combined Authority moneys and property, including any funds entrusted to the Combined Authority or its officers.
 - Undertake investigations in order to ensure that value for money is obtained and loss through wastage minimised.
- 18.3 The Section 73 Chief Finance Officer will make arrangements so that internal auditors have the authority:
- to have access to Combined Authority premises at reasonable times.
 - to have access to documents, records and equipment in the possession of the Combined Authority.
 - to require any officer of the Combined Authority to account for cash, stores or any other Combined Authority asset under their control.

- where possible, to have access to records belonging to third parties, such as contractors, when required.
- to receive information concerning any matter under investigation.
- to have access to the Head of Paid Service and the Governance and Audit Committee.

18.4 Directors must inform the Section 73 Chief Finance Officer, as soon as possible, of any matter which involves irregularities or any suspected irregularity concerning cash, stores, other property or any irregularity in the exercise of the functions of the Combined Authority. The Section 73 Chief Finance Officer may investigate and report on any matter which they believe involves or may involve irregularities concerning cash, stores or other property of the Combined Authority or any suspected irregularity in the exercise of the functions of the Combined Authority.

18.5 The Governance and Audit Committee shall approve a strategic internal audit plan, which takes account of the characteristics and relative risks of the activities involved.

19. External Audit

19.1 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.

19.2 All reports written by external audit must be considered by the Governance and Audit Committee.

20. Orders for Goods, Works or Services

20.1 The Combined Authority's Contract Procurement Rules are set out in the Contracts Standing Orders.

21. Payment of Accounts

21.1 Directors shall be responsible for the certification and submission of invoices and other claims to the Section 73 Chief Finance Officer who shall make safe and efficient arrangements for the payment of such accounts, ensuring the accurate payment of supplier invoices to agreed terms and, where applicable, to matched / cleared purchase orders.

21.2 The Section 73 Chief Finance Officer will ensure compliance with directives issued by the H.M. Revenue and Customs and the Construction Industry Tax Deduction Scheme

22. Petty Cash and Purchase Cards

22.1 The Section 73 Chief Finance Officer shall make such arrangements as they

consider necessary for defraying petty cash and other expenses by means of an imprest system.

- 22.2 Purchase card accounts shall be operated strictly within the procedures determined by the Section 73 Chief Finance Officer.

23. Taxation

- 23.1 The Section 73 Chief Finance Officer is responsible for:

23.1.1 ensuring that taxation advice is available to Directors to ensure compliance with relevant legislation;

23.1.2 maintaining the Combined Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate;

23.1.3 completing all HM Revenue and Customs returns regarding Pay As You Earn (PAYE) and compliance with the HMRC IR35 regulations (off payroll taxation);

23.1.4 completing a monthly return of VAT inputs and outputs to HM Revenue and Customs

23.1.5 providing details to the HM Revenue and Customs of deductions made under the Construction Industry Tax Deduction Scheme;

23.1.6 maintaining an up-to-date register of VAT de minimis payments in accordance with the VAT Act 1994

- 23.2 The Directors are responsible for:

23.2.1 ensuring that the correct VAT liability is attached to all income due and that all claims for VAT recoverable on purchases complies with HM Revenue and Customs regulations and all output tax is properly identified and recorded;

23.2.2 ensuring, where construction and maintenance works are undertaken, the contractor fulfils the necessary construction industry tax deduction requirements;

23.2.3 ensuring that the Combined Authority is not put at risk in any funding arrangements by identifying the correct VAT treatment in accordance with the VAT Act 1994;

23.2.4 ensuring that all persons employed by the Combined Authority are added to the 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;

23.2.5 following any guidance on taxation that may be issued by the Section 73 Chief Finance Officer.

24 Internal Control

- 24.1 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.
- 24.2 The Section 73 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. The responsibility for maintaining and reviewing the system of internal control rests with the Combined Authority.
- 24.3 The Section 73 Chief Finance Officer is responsible for advising on effective systems of internal control. These arrangements shall ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice.

25 Stocks and Stores

- 25.1 Each Director shall be responsible for the care and custody of stocks and stores within their area of responsibility.
- 25.2 The Section 73 Chief Finance Officer shall arrange for periodic checks of stocks by persons other than store-keepers where such stocks are of a significant value.
- 25.3 Directors will dispose of surplus materials, stores or equipment by competitive tender, public auction, e-bay type auction or in a manner approved by the Section 73 Chief Finance Officer and in accordance with Contracts Standing Orders.
- 25.4 Adjustments which may be necessary for surpluses or deficiencies of stock shall be subject to the approval of the Section 73 Chief Finance Officer, or delegated officer.
- 25.5 The Section 73 Chief Finance Officer shall be authorised to write off or make adjustments in respect of deficiencies or surpluses of stock. Requests to write off items in excess of £5,000 must be reported to the Combined Authority for information.

26 Security

- 26.1 Directors are responsible, with Budget Controllers and Holders, for maintaining proper security at all times for buildings, stocks, stores,

furniture, equipment, cash, keys, documentation and information under their control. The responsibilities are to:

- 26.1.1 make proper arrangements for the secure control and safe custody of all assets in respect of their area of responsibility;
 - 26.1.2 ensure that the property procedures are adhered to by all officers;
 - 26.1.3 inform the Section 73 Chief Finance Officer of any instances where they believe the security to be inadequate;
 - 26.1.4 ensure that designated officers are personally responsible for the safekeeping of keys;

ensure that designated Managers review the security of the premises under their control on a regular basis.
- 26.2 The Section 73 Chief Finance Officer is responsible for ensuring an asset register is maintained 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.
- 26.3 The Section 73 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 Section 73 Chief Finance Officer.
- 26.4 Any instance of loss or theft of Combined Authority property must be notified to the Section 73 Chief Finance Officer.
- 26.5 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.
- 26.6 Each Director shall be responsible for maintaining proper security and privacy of information and data held, as required by the Data Protection Act.
- 26.7 All staff shall comply with the standards and principles set out in the Combined Authority ICT Security policies.

27 Preventing Fraud and Corruption

- 27.1 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 Section 73 Chief Finance Officer will ensure an effective anti-fraud and anti-corruption policy is maintained.
- 27.2 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.

- 27.3 The Deputy Director Legal, Governance & Compliance 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.
- 27.4 The Deputy Director Legal, Governance & Compliance 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 Deputy Director Legal, Governance & Compliance on a regular basis.
- 27.5 Detailed procedures in relation to the supply of all works, goods and services are set out in Contracts Standing Orders.

28 Financial Systems and Procedures

- 28.1 The Section 73 Chief Finance Officer is responsible for:
 - 28.1.1 the operation of the Combined Authority's accounting system, the form of accounts and the supporting financial records;
 - 28.1.2 issuing guidance and advice and procedures to officers;
 - 28.1.3 approving any changes to existing financial systems;
 - 28.1.4 approving the introduction of any new financial systems;
 - 28.1.5 ensuring the operation of appropriate controls covering input to the financial system, the processing of the information and any output;
 - 28.1.6 ensuring that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls;
 - 28.1.7 ensuring that the business recovery plan makes adequate preparations for ensuring that financial systems can be recovered in the event of an interruption;
 - 28.1.8 ensuring that finance systems are documented and staff are trained in how to operate them;
 - 28.1.9 issuing appropriate instructions on the systems for collecting and recording income, and ordering and payment of goods and services.

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