



# Finance Regulation

Upper and Lower Medway IDB

**Version**

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# Upper and Lower Medway Internal Drainage Boards

## Finance Regulations

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## 1. GENERAL

These Finance Regulations shall apply to all aspects of the Board.

References in these Regulations to the responsible officer or member are to any officer or member specifically nominated by the Board to carry out a prescribed function of the Board.

The Finance Committee shall be responsible for the regulation and control of the Board's finances and shall review these Finance Regulations every five years. These Regulations shall contain directions relating to the supervision and control of the finances, accounts, income, expenditure, and assets of the Board. The Committee shall make such recommendations to the Board, as it considers appropriate.

Each responsible officer shall consult the Clerk to the Boards with respect to any matter within his/her area of responsibility, which may affect materially the finances of the Board prior to:

- incurring any financial liability, or
- reporting on that matter to a Committee.

A breach of Finance Regulations may render an officer liable to disciplinary action. The Board's disciplinary procedure will be implemented as detailed in the Conditions of Service Handbook.

## 2. FINANCIAL ADMINISTRATION

- 2.1 Subject to matters of policy being decided by the Board, the responsibility for regulating and controlling the finances of the Board lies with the Finance Committee.
- 2.2 The Clerk shall be responsible, under the general direction of the Finance Committee, for the proper administration of the Board's financial affairs.
- 2.3 In carrying out this role, the Clerk shall occupy a pivotal position within the Board's decision making process to enable him/her to satisfy the statutory and public stewardship responsibilities placed upon him/her by the Financial Provisions of the Land Drainage Act 1991, the Audit Regulations 2003 and any subsequent amendments thereto.
- 2.4 The Clerk shall report to the Finance Committee with respect to the level of resources proposed to be utilised in each financial year and shall keep that Committee informed about the Board's finances and financial performance.
- 2.5 The Clerk is responsible for the accountability and control of staff, and the security, custody and control of all other resources including plant, buildings, materials, cash and stores relating to the Board.

### 3. FINANCIAL PLANNING AND BUDGETARY CONTROL

#### Capital Expenditure

- 3.1 Responsible officers in consultation with the Clerk shall prepare estimates of expenditure on capital accounts. These estimates shall be collated by the Clerk and submitted to Committees for approval.
- 3.2 The Finance Committee shall prioritise and recommend a program for the new financial year in the December cycle of meetings. The overall program of capital expenditure shall be collated by the Clerk and submitted to the Finance Committee together with a schedule of anticipated resources. The Finance Committee shall prioritise the program and forward a suggested program to the Board for approval.
- 3.3 The inclusion of items in an approved capital program SHALL NOT, in itself, constitute authority to incur such expenditure. Prior to inviting tenders for work a joint report by the appropriate Officer and the Clerk shall be submitted in respect of each scheme to the Finance Committee. The Capital Appraisal report shall contain:
  - Scheme details and reasons for the scheme
  - Estimated costs of the scheme
  - Estimated revenue effect
  - Any other relevant details.

On approval being granted, and receipt of tenders for the scheme, a further report shall be submitted to Committee containing:

- Details of tenders received
- Revised estimates of costs of the scheme and revenue implications (only required if tender prices vary from original estimates).

The detailed form of the Capital Appraisal report shall be determined by the Clerk.

- 3.4 Any proposal to vary the approved program of capital expenditure by the addition, deletion or modification of a project shall be submitted to the Finance Committee. This Committee may recommend approval of the proposal on the Board's behalf, but if not approved, the matter shall be referred to the Board.
- 3.5 Any variation to an approved program that reflects a change of policy must be referred to the Board for approval.
- 3.6 Each responsible officer, in conjunction with the Clerk, shall monitor spending on approved schemes. The Clerk shall submit regular reports to the Finance Committee detailing performance against budget. Details of over and under expenditure will be reported to the Finance Committee who will determine the level of any additional resources required to meet the revised program. This Committee may approve the revised

program, or if unable to approve, the matter shall be referred to the Board to determine the action to be taken.

### Revenue Expenditure

- 3.7 Estimates of income and expenditure on revenue accounts shall be prepared by responsible officers in consultation with the Clerk and shall reflect the objectives set by the Board. These estimates shall be submitted to the Estimates Committee and its recommendations submitted to the Board in the December cycle of meetings.
- 3.8 The Clerk shall determine the detailed form of the revenue estimates.
- 3.9 The Board shall consider the aggregate effect of the revenue estimates upon the Board's financial resources, and, after consultation on any proposed amendment, shall approve them and the rate and special levies to be raised for the ensuing financial year.
- 3.10 The inclusion of items in approved revenue budgets SHALL constitute authority to incur expenditure EXCEPT:
- to the extent that the Board has put a condition on any item or items
  - where any financial assistance to outside bodies is involved
  - where such expenditure produces a commitment to future years' revenue budgets.

A separate report must be submitted to the appropriate Committee before such expenditure can be committed, and specific approval obtained before incurring the expenditure.

- 3.11 Where no approved budget exists a supplementary estimate must be submitted to the Board or appropriate Committee for approval.
- 3.12 Amounts approved in the Revenue Budget shall not be diverted to other purposes by a Committee without the prior approval of the Board, except where the amount does not exceed £30,000.

Amounts below £30,000 shall be dealt with in accordance with the professional discretion of the Clerk.

- 3.13 Responsible officers shall be responsible for the monitoring of income and expenditure against the approved revenue budget. They shall be responsible for providing such information as the Clerk requires enabling him/her to report to the Finance Committee and the Board, the financial performance against the approved budget.
- 3.14 Nothing in these Finance Regulations shall prevent a responsible officer from incurring expenditure, which is essential to meet any needs created by a sudden emergency. Any such action must be reported to the next meeting of the Board.

3.15 Where a Committee proposes:

- a new policy
- a variation in existing policy
- a variation in the method or timescale of implementing existing policy

which affects or may affect the Board's finances, it shall report thereon to the Board.

3.16 The Finance Committee shall periodically keep the Board informed about the overall position of the Board's finances and shall report on the final accounts of each year-end as soon as practicable.

#### 4. ACCOUNTING

4.1 All accounts, accounting procedures and accounting records of the Board and its officers shall be agreed with the Clerk.

4.2 Any financial return made by a responsible officer, which may affect the financial liability of the Board, must be verified by the Clerk before submission.

#### 5. TRADING ACCOUNTS

5.1 The Clerk shall operate Trading Accounts in compliance with Financial Regulations of the Board and submit them periodically to the Finance Committee.

#### 6. COMPETITIVE TENDERING

6.1 Every effort will be made to obtain three bona fide quotations for contracts that exceed £10,000 in value.

6.2 Contracts not exceeding £10,000 in value to be dealt with by the Clerk or alternatively as directed by the Finance Committee.

6.3 Any sale of the Board's assets will be disposed of through competitive tender. Items valued below £500 will be offered to employees and members of the Board for tender. Assets exceeding £500 will be sold through the following methods:

- All offers must be received before a pre-determined date
- All must be confidential (in a sealed envelope if possible) and opened after the pre-determined date
- Offers must be based on a realistic value of what the item is worth
- The highest offer will be accepted
- Every effort should be made to obtain three bona fide offers.

#### 7. AUDIT

7.1 The Clerk shall arrange for an internal audit of accounting, financial management and

other operations of the Board to take place twice yearly. This audit will be undertaken by EITHER two members determined by the Board (one Elected Member and one Council Appointed Member shall be selected) OR an external person qualified to perform this function.

- 7.2 All employees of the Board are required to assist the External Auditor, or his/her authorised representative, in the performance of his/her duties under the Audit Commission Act 1998.

## 8. FRAUD OR OTHER IRREGULARITIES

- 8.1 The Responsible officer or any other officer concerned shall immediately notify the Clerk of any matter which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Board or any suspected irregularity in the exercise of the functions of the Board.
- 8.2 Any financial irregularity involving an employee of the Board will be considered as gross misconduct, and will be dealt with under Section 11, Disciplinary Procedure, of the employees Terms and Conditions of Contract.

## 9. COMPUTER HARDWARE AND SOFTWARE

- 9.1 All purchase or leasing of computer hardware and software shall be subject to the approval of the Board.
- 9.2 The Clerk to ensure that responsible officers are aware of the implications of the Data Protection Act 1984, and any subsequent amending legislation, and that resultant acquisition and maintenance arrangements comply with the provisions of the Act and any subsequent amending legislation.
- 9.3 In all other respects the procedure for obtaining computer hardware and software shall comply with these Financial Regulations.

## 10. ORDERS FOR WORK, GOODS AND SERVICES

- 10.1 Official orders shall not be placed unless the expenditure is covered by an approved budget or by a specific Committee instruction.
- 10.2 Responsible officers signing official orders shall ensure that where expenditure is to exceed £10,000 in value bona fide quotations are obtained unless agreed otherwise by the Clerk.

## 11. PAYMENT OF ACCOUNTS

- 11.1 The normal method of payment of money due from the Board shall be by cheque, BACS or other instrument drawn on the Board's banking account. The only exceptions shall be for

petty cash payments made under Finance Regulation 13 and transactions that by their unusual nature require the approval of the Clerk.

11.2 The responsible officer issuing an order is responsible for examining, verifying and certifying invoices and any other payment voucher or accounts relating to his/her department. Such certification shall be in writing by the responsible officer or an officer nominated by him/her to do so.

11.3 Before certifying an account, the certifying officer shall, unless the Clerk determines otherwise, have satisfied him/herself that:

- the work, goods, or services to which the account relates have been received, carried out, examined, and approved
- the prices, extensions, arithmetic, trade discounts, other allowances, credits, and value-added tax are correct
- the expenditure has been properly incurred and a budget provision exists and has not been exceeded
  
- appropriate amendments have been made in inventory lists, stores records or store books as required
- the account is the liability of the Board
- the account has not been previously paid
- the account has been correctly coded in the Board's accounting system.

11.4 An officer shall not certify any account or payment made payable to him/herself.

11.5 At the end of each financial year each responsible officer shall notify the Clerk of all outstanding expenditure relating to the previous year as soon as possible after 31 March and not later than a date specified by the Clerk.

## 12. CREDIT/DEBIT CARDS

12.1 The Clerk or the responsible officer must authorise the use of Credit/Debit Cards and authorise payments.

12.2 The Credit Card spending limit is £5,000 and the limit will be reviewed by the Finance Committee periodically.

## 13. ADVANCE ACCOUNTS, PETTY CASH AND FLOATS

13.1 The issue and amount of petty cash accounts, floats, and the return of them, shall be under the control of the Clerk or the responsible officer nominated by him/her.

13.2 Petty cash expenditure should be limited to a maximum of £200 (two hundred pounds). Petty cash accounts should be maintained on the Imprest system.



- 13.3 Receipts must be obtained to support all expenditure to be reclaimed and must be presented, together with the appropriate form determined by the Clerk. All vouchers must be coded and supported by authorized VAT receipts where appropriate.
- 13.4 No income received on behalf of the Board shall be paid into petty cash but must be banked or paid to the Authority as stated elsewhere in these Regulations.
- 13.5 The certification by an approved officer shall mean that that officer is satisfied that the expenditure was authorized, and properly and necessarily incurred.
- 13.6 An officer responsible for a Petty Cash float shall, when requested, give to the Clerk a certificate as to the state of the advance.
- 13.7 On leaving the employment of the Board or otherwise ceasing to be entitled to hold a petty cash advance, an officer shall account to the Clerk for the amount advanced.
- 13.8 In circumstances approved in advance by the Clerk, lump sum advances for expenditure may be made to Members and Officers. Recipients of lump sum advances shall account for such expenditure as may be made for these advances and provide the Clerk with evidence of such invoices, vouchers, dockets, VAT receipts or other documents as may be required.

The balance of monies not spent shall be paid back into a Board account or cash office in a manner required by the Clerk.

#### 14. INCOME

- 14.1 Procedure for the collection of all income due to the Board shall be under the control of the Clerk.
- 14.2 Responsible officers shall ensure that accounts are sent out promptly for the recovery of income due, in a form approved by the Clerk.
- 14.3 The Clerk shall be notified promptly of all income due to the Board from all contracts, leases and other agreements entered which involve the receipt of income by the Board. He/she shall have the right to inspect any documents or other evidence in this connection.
- 14.4 The Clerk or the responsible officer nominated by him/her shall order, supply, or approve arrangements relating to the receipt and control of receipt forms, books, tickets, and other such items.
- 14.5 All income received by an officer on behalf of the Board shall be paid intact to the Board's banking account on the first convenient banking day. No deduction from such income may be made unless the Clerk specifically authorizes it.

The officer banking such income shall record the details, together with a reference relating to the debt (e.g. the receipt number or the debtor's name).

14.6 Responsible officers shall have the responsibility to ensure that the correct amount of VAT is added to income accounts where applicable.

14.7 The Clerk shall be responsible for all income recovery procedures, enforcement procedures and installment arrangements.

## 15. CARD PAYMENT MACHINE

15.1 Responsible officers shall have the responsibility of taking debit card payments either in person at the Board's office, or via the telephone using the Streamline payment machine, in line with the Board's Policy. Any breach of the Board's Policy may be deemed to be gross misconduct and will be liable to disciplinary action.

## 16. BANKING

16.1 All arrangements with the Board's bankers shall be made by or under arrangements approved by the Clerk, who shall be authorised to operate such banking accounts as may be considered necessary within the constraints imposed by the Board.

16.2 All cheques and payment forms sent by the Bank shall be held in a secure and safe place.

16.3 Cheques/Internet Banking Payments from the Board's Paying Out Account shall be signed by the Clerk up to a value of £48,000, or a single Board Member as listed on the approved bank mandate.

16.4 Cheques/Internet Banking Payments from the Board's Paying Out Account for an amount in excess of £48,000 will require two signatures of either two Board Members and/or one Board Members (as listed in the approved bank mandate) and the Clerk.

16.5 Internal transfers of up to £500,000 between the same Board bank accounts can be made by the Clerk and an officer of the Board without further authorisation.

## 17. WRITE OFFS

17.1 The Clerk shall have the authority to write off the following:

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

17.2 Responsible officers shall inform the Clerk of any item under 17.1 above that they consider should be written off together with:

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

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

## 18. INVESTMENTS AND BORROWING

18.1 All investments and borrowing entered by the Board shall be agreed by the Finance Committee. The Clerk shall report to the Finance Committee on the operation of the Policy Statement at each committee meeting.

18.2 All investments of money under its control shall be made in the name of the Board.

18.3 All such securities belonging to the Board and the title deeds of all property in its ownership shall be held by either the Clerk or the Board's Banker as required. The Clerk to ensure that such arrangements are secure.

18.4 The Clerk shall be the Boards registrar of all investments and shall maintain records of all borrowings of money by the Board.

## 19. SALARIES, WAGES AND PENSIONS

19.1 All new posts shall be approved by the Board and will be made in accordance with the local grading structure and scales of pay.

19.2 The payment of all salaries, wages, Local Government Superannuation Scheme pensions, compensation, and other emoluments to all present or former employees shall be made by the Clerk or under arrangements controlled by him/her.

19.3 Salaries of office staff will be paid by the Upper Board account, and the Lower Board will repay 50% (or a percentage in the region thereof) of the sum directly to the Upper Board. This figure is not to include VAT and should include Wages, Employers National Insurance and necessary Pension Contributions, as determined by the Financial Officer.

19.4 Each Responsible officer shall notify the Clerk immediately, and in the form prescribed by him/her, of all matters affecting such payments, and in particular:

- resignations, dismissals, suspensions, secondments, and transfers
- absences from duty for sickness, unpaid leave, or other reason, but not normal leave
- changes in remuneration, other than pay awards and agreements of general

- application
- information necessary to maintain records of service for superannuation, income tax, national insurance, and the like.

19.5 Time records or other pay documents shall be in a form prescribed or approved by the Clerk and shall be certified in writing by or on behalf of the responsible officer. The documents must be approved by the Clerk to satisfy his/her obligations under taxation legislation.

19.6 The Clerk, unless determined otherwise by the Board, shall be responsible for operating the private use of the Board's vehicles and shall be notified by the responsible officer of any financial adjustments to be made to salaries in respect of employees' Contributions.

## 20. BOARD EMPLOYEES

20.1 All employees of the Board shall conduct themselves in a polite and courteous manner as expected by the Board.

20.2 Employees are either office staff or ground staff. Office staff are contracted to the Upper Board but carry out work under agreement for both Upper and Lower Boards (joint administration). This work is not to be considered recharge or sub contraction. Costs are split with the Lower Board as per 19.3. Ground staff are paid by their respective Board unless otherwise agreed. Work carried out by Ground Staff is to be considered recharge and any applicable VAT included.

20.3 Employees must declare to an appropriate responsible officer any financial or other interest, which could conflict with the Board's interests.

20.4 It is a criminal offence for an employee to receive or give any gift, loan, fee, reward or advantage for doing or not doing anything, or showing favour or disfavour, to any person in their official capacity as a Board Employee.

20.5 In terms of hospitality and gifts, only usable gifts of a small value may be accepted by individual staff. Under no circumstances may cash be accepted as a gift.

20.6 Hospitality and gifts must be recorded in a Hospitality Book to be kept at the Board's offices and then reported to the Chairman of the Board.

20.7 Where an outside organisation is seeking to sponsor a Board activity (whether by invitation, tender, negotiation or voluntary), the basic rules concerning acceptance of gifts and hospitality shall apply.

## 21. MEMBERS' AND EMPLOYEES' ALLOWANCES

21.1 All staff claims for payment of car allowances, subsistence allowances, traveling and any other incidental expense shall be submitted as required, duly certified, in a form approved

by the Clerk.

- 21.2 The certification by or on behalf of the Responsible officer shall imply that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Board.
- 21.3 An officer shall not certify a claim form made payable to him/herself.
- 21.4 Claim forms submitted more than six months after the expenditure has been incurred shall be paid only on the approval of the Clerk.
- 21.5 Payments to Members, (including co-opted Members of the Board or its Committees), who are entitled to claim travelling or other allowances will be made by the Clerk upon receipt of the completed prescribed form. All claims shall be submitted no less than twice per year.

## 22. INSURANCES

- 22.1 The Clerk shall, in consultation with the responsible officer, initiate all insurance cover and negotiate all claims in consultation with other officers where necessary.
- 22.2 Responsible officers shall promptly notify the Clerk of all new risks, properties or vehicles needing to be insured, and of any disposals or alterations affecting existing insurances.
- 22.3 Responsible officers shall notify the Clerk of any loss, liability or damage or any event likely to lead to a claim on any Board policy and shall appropriately notify the police of the relevant circumstances.
- 22.4 All employees of the Board shall be included in a suitable fidelity guarantee insurance.
- 22.5 The Clerk shall annually, or at such other period as he considers necessary, review all insurances held by the Board in consultation with other Responsible officers as appropriate.
- 22.6 Responsible officers shall consult the Clerk in respect of the terms of any indemnity which the Board is requested to give.
- 22.7 Subject to 21.8, the Clerk shall inspect insurance policies of contractors for building, construction, or engineering works to ensure as far as possible that all necessary cover has been taken out.
- 22.8 It shall be the responsibility of the responsible officer letting the contract to ensure that such policies are forwarded to the Clerk for inspection, and for that responsible officer to inspect policies where the end date of the policy precedes the end of the contract or the contract runs over several years, and ensures updated and/or renewed policies are passed to the Clerk for inspection.

## 23. ESTATES

- 23.1 The Clerk shall be responsible for maintaining a Capital Assets Register in accordance with the requirements of the District Auditor.
- 23.2 The Clerk shall be responsible for providing all valuations pertinent to the Capital Assets Register.

## 24. INVENTORIES

- 24.1 Each responsible officer or responsible officer nominated by him/her shall maintain an inventory of all furniture, fittings, equipment, plant and machinery contained within their own department to a level of detail and in a format agreed with the Clerk.
- 24.2 Each responsible officer or responsible officer nominated by him/her shall maintain an annual check on all items on the inventory and in relation to surpluses or deficiencies, amending the inventory list accordingly. A copy of the revised departmental inventory list shall be forwarded to the Clerk in April of each year.
- 24.3 Board property shall only be used for Board business or for such other purposes as the Board may require or agree.
- 24.4 Board property shall not be removed from the Board's buildings except:
- in the ordinary course of the Board's business, or
  - with site specific instruction or permission of the Clerk, or responsible officer nominated by him/her, or
  - on instruction or with the permission of the Board or a Committee of the Board.

## 25. STOCKS AND STORES

- 25.1 Each nominated officer shall be responsible for the care and custody of the stocks held by his/her department or section and must maintain adequate records as specified by the Clerk.
- 25.2 Stocks must not exceed normal requirements except in special circumstances with the prior approval of the Clerk.
- 25.3 Responsible officers shall arrange for test examinations of stocks by persons other than storekeepers at least once in every financial year, and always on 31 March in that financial year.
- 25.4 The Clerk shall be entitled to receive from any officer such information as he requires in relation to stores for the accounting, costing, and financial records.
- 25.5 Surplus materials, stores or equipment shall be disposed of in a manner determined by the Board.

## 26. SECURITY

- 26.1 Each responsible officer is responsible for maintaining proper security at all times for all buildings, stores, plant, vehicles, furniture, equipment, cash, documents and information under his/her control. Each responsible officer shall consult the Clerk in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 26.2 All officers of the Board have a duty to comply with the requirements of the Data Protection Act 1984 and any amending legislation. Responsible officers shall ensure that staff are aware of their responsibilities under this legislation through the provision of suitable training and the circulation of relevant information on the subject.
- 26.3 Maximum limits for cash holdings of £1,000 shall be agreed with the Finance Committee and shall not be exceeded without the express permission of Chairman of the Finance Committee or a member of the Committee in his/her absence.
- 26.4 Keys to safes and similar receptacles are always to be carried on the person of those responsible. A list of such key holders shall be supplied to the Clerk. Where keys are transferred between staff, the new recipient assumes responsibility. The loss of any keys must be reported immediately to the Clerk.

## 27. PROTECTION OF PRIVATE PROPERTY

- 27.1 Each Responsible officer shall notify the Clerk of any case where steps are necessary to prevent or mitigate loss or damage of moveable property.
- 27.2 The Board shall not be liable for accidental loss or damage to the personal possessions which employees' use whilst on Board business that are not included under the Board's Insurance Policies.
- 27.3 All recovered valuables such as jewellery, watches and other small items of a similar nature and documents of title shall be kept under safe custody as directed by the Clerk, and shall, if not claimed, be disposed of in a manner determined by him/her.
- 27.4 In the event of theft of personal items from staff, a full report shall be made by the affected employee as soon as the theft has been discovered. All such incidents shall be recorded and investigated. Where possible, the Clerk or responsible officer shall make appropriate recommendations to improve security.

## 28. CAR LOANS

- 28.1 The Board does not offer members of staff in receipt of an Essential Car User allowance a loan to purchase a motor vehicle.