

## WITHAM AND HUMBER DRAINAGE BOARDS

*Four independent statutory Land Drainage and Flood Control Authorities working in partnership.  
Witham House, J1 The Point, Weaver Road, Lincoln LN6 3QN. Tel: 01522 697123*



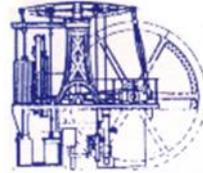
Witham First District IDB

[www.witham-1st-idb.gov.uk](http://www.witham-1st-idb.gov.uk)



Upper Witham IDB

[www.upperwitham-idb.gov.uk](http://www.upperwitham-idb.gov.uk)



Witham Third District

[www.witham3idb.gov.uk](http://www.witham3idb.gov.uk)



North East Lindsey

[www.northeastlindsey-idb.org.uk](http://www.northeastlindsey-idb.org.uk)

# Financial Regulations & Statement of Internal Control

Approved:

North East Lindsey IDB 29<sup>th</sup> May 2018

Upper Witham IDB 21<sup>st</sup> May 2018

Witham First DIDB 22<sup>nd</sup> May 2018

Witham Third DIDB 22<sup>nd</sup> May 2018

**To be Reviewed by May 2021**

**North East Lindsey Internal Drainage Board**  
**Upper Witham Internal Drainage Board**  
**Witham First District Internal Drainage Board**  
**Witham Third District Internal Drainage Board**

**Financial Regulations & Statement of Internal Control**

**INDEX**

<u>Section</u>	<u>Page</u>
INTRODUCTION	2
FR 1 RESPONSIBILITY FOR FINANCIAL CONTROL	2
FR 2 RESPONSIBILITY OF OFFICERS	3
FR 3 ACCOUNTS	3
FR 4 BANKING	4
FR 5 INVESTMENTS	5
FR 6 BORROWING	5
FR 7 INCOME	6
FR 8 PURCHASE OF GOODS AND SERVICES	7
FR 9 PROCUREMENT	8
FR 10 STOCKS & STORES	9
FR 11 ASSETS	10
FR 12 INTERNAL CONTROL AND AUDIT	11
FR 13 FRAUD OR OTHER IRREGULARITIES	12
FR 14 WRITE OFFS	12
FR 15 SALARIES, WAGES AND PENSIONS	13
FR 16 STAFF	13
FR 17 BOARD EMPLOYEES	14
FR 18 MEMBERS' AND EMPLOYEES' EXPENSES	14
FR 19 RISK MANAGEMENT & INSURANCES	15
FR 20 DATA & SECURITY	16
FR 21 PROTECTION OF PRIVATE PROPERTY	16
FR 22 PETTY CASH	17
FR 23 WEBSITE & TRANSPARENCY	17
FR 24 REVIEW	17

## **INTRODUCTION**

Financial Regulations and the Statement of Internal Control set out the framework and the rules for the proper financial administration of the Board and the responsibility of those charged with carrying out duties with financial implications. They are designed to supplement the Board's Standing Orders, to ensure that the funds and assets of the Board are properly accounted for and controlled. They also ensure that all financial transactions are lawful, abide by current legislation and prevent expenditure which may be deemed as 'ultra vires'. All land Rating and Special Levy calculations and procedures will be carried out in accordance with the Land Drainage Act 1991 (as amended).

### **FR 1            RESPONSIBILITY FOR FINANCIAL CONTROL**

- FR1.1            The Chief Executive shall be responsible to the Board for overall financial control of the Board's financial affairs and the continuous provision of financial management information. This includes ensuring all income and expenditure is lawful and meets all statutory and HMRC regulations.
- FR1.2            The Finance Manager shall be responsible for maintaining the integrity of the accounting, financial administration and financial control systems of the Board. This includes ensuring systems are in place to ensure all income and expenditure is lawful and meets all statutory and HMRC regulations.
- FR1.3            The Finance Manager shall, where appropriate, prepare additional rules of procedure, supplementary to these Regulations, to ensure the maintenance of financial control and security.
- FR1.4            The Board shall appoint an Internal Auditor who will be responsible for maintaining an adequate and effective internal audit of the accounts of the Board.
- FR 1.5            The Chief Executive shall ensure that the Board's Annual Accounts are prepared as soon as possible after 31<sup>st</sup> March each year and in accordance with the dates as set out in the Accounts and Audit Regulations 2011 (or as amended) and meet requirements of the Audit & Accountability Act 2014. All associated annual returns (including the IDB1 Report and the IDB Annual Return) will be submitted within the statutory deadlines.
- FR 1.6            For the purpose of these regulations, all limits exclude V.A.T. 'Value' relates to the current book cost of asset items, so if it is a new item then it will be the purchase price or, if older, the amount the item is held in the accounts (i.e. depreciated cost). If the item isn't an asset then the term 'value' relates to the estimated worth of the item (if it is either sold or scrapped).
- FR 1.7            These Financial Regulations and Statement of Internal Control supplement the Board's Standing Orders.
- FR 1.8            These Financial Regulations and Statement of Internal Control will apply to all staff and, where roles are provided by a contractor, to those contract staff as well. Where roles are provided by a contractor any reference to 'staff' will include them. Further, any specific titles will apply to the role whether undertaken by employed or contract staff.

FR 1.9 All land Rating and Special Levy calculations and procedures will be carried out in accordance with the Land Drainage Act 1991 (as amended) including maintaining a register of land transfers from Rating to Special Levy. The Annual Values must be agreed as at 31<sup>st</sup> December each year.

## **FR 2 RESPONSIBILITY OF OFFICERS**

All staff of the Board have a general responsibility for the security of the property of the Board, for the avoidance of loss and for economy, efficiency and effectiveness in the use of resources. With regard to financial matters, responsibilities are as set out below.

FR 2.1 The Chief Executive will be responsible for:

- providing financial advice to the Board on all aspects of its activities, including the strategic planning and policy making process.
- Ensuring all income and expenditure is within the powers of the Board.
- assist members in seeking to obtain the best value for money.
- advise the Board on financial propriety.
- ensure that accurate, complete and timely financial management information is provided to the Board.
- ensure the preparation of statutory and other accounts.
- authorise statutory and other returns and claims and submit them on time.
- authorising treasury management transactions, including loans and investments.
- advising on the safeguarding of assets, risk management and insurance.
- advising on budgetary matters, including any consequent long term implications.
- advising the Board of any financial loss, including thefts of property.

FR 2.2 The Finance Manager will be responsible:

- to the Chief Executive for financial activities undertaken by the Board or contracted out under the supervision of the Board
- for the proper financial administration of the Board
- for ensuring the efficient and effective use of financial resources available to the Board.
- to provide the Board and Chief Executive with all such financial information and support as he/she may require to facilitate the proper discharge of their respective statutory duties and functions.
- Advise upon Treasury Management decisions.
- For ensuring all payments due to/from HMRC are calculated and paid in accordance with current regulations and guidance and that staff undertaking these procedures are trained and kept up to date on the latest guidance.

## **FR 3 ACCOUNTS**

FR 3.1 The Chief Executive and Finance Manager shall, each financial year, prepare estimates of income and expenditure including contributions to capital schemes for the ensuing financial year. Such estimates will be presented to the Board's relevant sub committee in January to allow recommendations to be put to the Board in January or February on the required level of the penny rate and council

special levies. These will be set by 15<sup>th</sup> February each year and notified to the relevant Local Authority, in accordance with relevant legislation.

FR 3.2 The Chief Executive and Finance Manager, in conjunction with the Board's Director of Operations and Engineering Services, will prepare a Plant, Vehicle and Equipment schedule for the ensuing year with minimum 5 year projection of anticipated requirements. Such schedules will be presented to the Board's relevant sub committee in January to allow recommendations to be agreed by the Board before 15<sup>th</sup> February each year.

FR 3.3 The Chief Executive and the Finance Manager shall also each year produce a three year projection to estimate levels of balances, so that the penny rate can be set at appropriate levels.

FR 3.4 The Board meeting immediately before 15<sup>th</sup> February each year will set and seal the Rate for the ensuing financial year.

FR 3.5 The Finance Manager shall produce as a minimum, quarterly financial in-year performance reports to the Chief Executive which include income and expenditure, creditors and debtors, bank and investment balances and budget analysis and drainage rates collection.

FR 3.6 The Board shall be kept informed by the Chief Executive of the overall financial position of the Board's finances through management accounts, forecasts and other reports as necessary.

FR 3.7 The Chief Executive shall produce the year end accounts to the Board within the time period as required by the Accounts and Audit Regulations 2011 (or as amended) and meet the requirements of the Audit & Accountability Act 2014.

#### FR 3.8 **Virements**

The Chief Executive is delegated to vire budget within the overall budget up to a limit of £25,000 at account code level. Any virement above this level will be approved by the Board.

#### FR 3.9 **Reserves**

Reserves will be maintained within the Reserves Policy as agreed from time to time by the Board. The General Reserve will be maintained between 10% to 15% of Board income. Other specific reserves will be maintained and reported to the Board with Estimates (January) and as part of the year end Outturn reports (May).

The budget report will set out any requirements of utilisation of reserves during the financial year. If additional use of reserves is required, then up to £10,000 per financial year is delegated to the Chief Executive. Anything above this will be subject to Board approval, prior to the expenditure being incurred.

### FR 4 **BANKING**

FR 4.1 The Chief Executive shall advise the Board's bankers in writing of the conditions under which each bank account shall be operated and which must be in the Board's name.

- FR 4.2 The main bank accounts will be operated on the following basis:-
- FR 4.2.1 all payments (excluding inter bank transfers) up to £99,999 will be authorised by one of the following – Chief Executive or Director of Operations and Engineering Services or Finance Manager
- FR 4.2.2 any Single payment (excluding inter bank transfers) of £100,000 or above will be signed by the Chief Executive, Director of Operations and Engineering Services or Finance Manager after authorisation by the Chairman or Vice Chairman of the Board\*

*\*In practice, a single payment >£99,999 will be made in split payments if made by automated payment after prior authorisation by the Chairman or Vice Chairman.*

FR 4.3 All new bank and investment accounts will be approved by the Board or be in accordance with the delegations set out in the Treasury Management (Investments & Borrowing) Strategy. Bank account transfers (same bank) will be administered by the Finance Manager (or nominee) in order to maintain adequate operational balances. Inter bank transfers (i.e. those to deposit accounts) will be requested by the Finance Manager and authorised by the Chief Executive or Director of Operations and Engineering Services.

FR 4.4 Some staff will be issued with debit or procurement cards to ensure the smooth running of the Board's services. The Chief Executive will agree the aggregate spending limits for each individual. Any individual issued with a card in their name is responsible for the safe keeping of the card and associated pin and any spend incurred upon the card. They must also ensure that VAT receipts are obtained and submitted to the Finance Manager to ensure VAT can be recovered. Any misuse of a Board's card will be considered as gross misconduct, and will be dealt with in accordance with the Disciplinary Procedure of the employee's Terms and Conditions of Contract. Failure to obtain VAT receipts may result in the card being withdrawn from the individual.

## **FR 5 INVESTMENTS**

FR 5.1 Separate to these Financial Regulations and in support of them, the Board will have a Treasury Management (Investments & Borrowing) Strategy.

FR 5.2 The Chief Executive shall maintain an Investments Register (albeit not for deposit accounts).

FR 5.3 The Finance Manager shall include in the quarterly financial performance reports, details of all investments.

## **FR 6 BORROWING & LOANS**

FR 6.1 Separate to these Financial Regulations and in support of them, the Board will approve a Treasury Management (Investments & Borrowing) Strategy.

FR 6.2 The Chief Executive shall maintain a Loans Register.

FR 6.3 The Finance Manager shall include in the quarterly financial performance report, details of all borrowings/loans etc.

## **FR 7**      **INCOME**

- FR 7.1      Drainage Rate demands are to be issued as soon as practicable after 01<sup>st</sup> April each year. In the absence of a 'payment by instalments policy', all drainage rates income is due to the Board once invoiced.
- FR 7.2      Special Levies will be signed and sealed at the January Board meeting each year, enabling Councils paying Special Levy to be notified by 15<sup>th</sup> February each year of the amount payable for the forthcoming financial year and instalment payment dates.
- FR 7.3      Highland Water claims and FDGIA claims will be made in accordance with Environment Agency timescales and processes.
- FR 7.3      All other fees / amounts owed to the Board are to be recorded on a debtor account / invoice and issued as soon as the debt is incurred.
- FR 7.4      All income due to the Board must be properly accounted for as Board income, however incurred or received. This includes the sale of scrap materials, income from rechargeable works and any sundry income.
- FR 7.5      The Board is able to accept Credit and Debit card payments via the telephone (customer not present). These must be taken via the appointed merchant services provider's website and must be in accordance with UK Payments Administration Ltd standards (previously APACS). For example, credit and debit card details must not be written down or retained by the Board's staff.
- FR 7.6      A record (manual or electronic) shall be made for every sum received by the Board and must detail:
- Date of receipt.
  - Amount received.
  - Type of remittance.
  - Reason for payment.
  - Date paid into bank account.
- FR 7.7      An official receipt showing date of receipt, amount received, type of remittance and reason for payment will be issued for all cash and cheque payments upon request. Where possible, this will be issued by email.
- FR 7.8      The Board's monies shall not be used for the encashment of private cheques.
- FR 7.9      All cheques and cash received shall be banked at least weekly. Disbursements shall not be made from cash received. Banking shall be daily on weekdays when large sums are received (over £1,000 aggregate).
- FR 7.10      Keys to safes and cash boxes shall be carried by designated officers and a record kept of key holders.
- FR 7.11      The Finance Manager shall be responsible for ensuring that all monies received are properly brought to account in the Board's accounting records and that any VAT is appropriately accounted for in a holding account and paid over when due.

FR 7.12 The Finance Manager shall produce to the Chief Executive a quarterly schedule of all monies owed to the Board and will note and take appropriate recovery action in a timely fashion.

FR 7.13 The Board will be informed of any debt over 6 months old and of the action being taken to recover monies.

## **FR 8 PURCHASE OF GOODS AND SERVICES**

FR 8.1 The Chief Executive should seek to ensure best value for money by testing the market where appropriate before any expenditure is committed. All goods and services should be procured in accordance with the procurement rules.

FR 8.2 The Chief Executive shall have the authority to affect the purchase of goods and services (for where there is an approved budget) and the ordering of general repairs to the Board's assets up to the value of £50,000 in accordance with approved budgets. Any sum above £50,000 will require approval by the Board.

FR 8.3 The requirement under Financial Regulation 8.2 may be dispensed with if the goods or services are required urgently such that it would not be feasible or practical to obtain the Chairman's or Vice Chairman's approval. In such cases, the Board's ratification shall be obtained retrospectively for such urgent actions.

FR 8.4 All goods and services in excess of £100 are to be ordered in writing using an official order, authorised by the appropriate officer or via a contract (eg electricity, phones, consultancy services, etc). Authorised orders must be submitted to the Finance and Ratings Officers promptly.

FR 8.5 All invoices for payment shall be examined, verified and coded by the Finance & Ratings Officers to ensure the invoice matches a corresponding order, is due for payment, is a valid VAT invoice (where appropriate), is arithmetically correct and has not already been paid.

FR 8.6 All invoices will then be certified by the Finance Manager, Director of Operations and Engineering Services or Chief Executive. Invoices shall not be certified by the same person authorising the payment (bank transfer, cheque, etc). When certifying payments the authorising officer will ensure the payment is lawful, within the powers of the Board, properly invoiced and due for payment.

FR 8.7 All VAT will be appropriately accounted for in a holding account and reclaimed from HMRC in accordance with the latest regulations and guidance.

## **FR 9 PROCUREMENT**

FR 9.1 The following procedures shall be applied for the procurement of goods and services:

## Estimated Value of Goods / Services

## Minimum requirements

< £1,500

Obtain 1 verbal quote.

> £1,501 to £5,000

Obtain 2 verbal quotations.

> £5,001 to £50,000

Obtain 3 written quotations.

> £50,000

Obtain a minimum of 3 tenders.

FR 9.2 Invitations to tender may be selective or open although, whenever possible, selective tendering shall be used and tenders invited to ensure that the required number of tenders is actually received to test the market.

FR 9.3 The Criteria for the tender evaluation need to be set before the process begins. The relevant officer must define the award criteria appropriate to the purchase. Award criteria must be designed to secure a sustainable outcome which represents Value for Money for the Board. The basic criteria shall be:

- “Most economically advantageous” offer (where considerations other than price also apply) or,
- “Lowest price”
- Qualitatively better product/service, if not the lowest price.

FR 9.4 Where it is considered there are valid reasons for departing from the procedures in FR9.3 above, the approval of the Chairman or Vice Chairman shall be obtained. Valid reasons would include the purchase of specialist goods or services for which there are only one or two suppliers or in emergency situations.

FR 9.5 Tenders shall be opened, not earlier than the closing date prescribed in the tender documents, in the presence of the Chief Executive (or nominated deputy) and the Chairman or Vice Chairman of the Board (or nominated deputy). A declaration shall be signed to such effect by the persons present at the opening of the tender(s).

FR 9.6 Tenders may be evaluated based on price or quality or a combination of the two. The evaluation criteria must be established at the outset of the tendering process. Therefore, the Board is not obliged to accept the lowest or indeed any tender. Where a tender is accepted which is not the most favourable based on the evaluation criteria, the approval of the Board shall be obtained and the reasons recorded.

## FR 9.7 **Exceptions to Procurement rules**

FR 9.7.1 Exceptions are provided for in exceptional circumstances where it is necessary because of an unforeseen emergency, involving immediate risk to persons or infrastructure. Exceptions are not a substitute for instances where procurement planning has not been exercised and Officers find themselves with insufficient time to undertake a competitive process. Such exceptions may include:

- where goods, works or services are deemed proprietary and cannot be obtained from any other source.
- where it is deemed an extreme urgency.
- where the market place is limited and/or restricted (e.g. by quality standards).

- where an existing framework agreement is in place which can be accessed by the Board.
- if, following a tender or quotation exercise, the required number of tenders or quotes received do not meet the minimum required.

FR 9.7.2 An exception under this procurement rule allows a contract to be placed by direct negotiation with one or more suppliers. No exceptions can be used if the EU Procurement Directive applies, except when acting upon legal advice.

FR 9.7.3 All exceptions above £25,000, and the reasons for them, must be recorded on the Exceptional Purchase Action form and authorised by the Chief Executive in consultation with the Chairman. Any exceptions below £25,000 will be recorded in writing, authorised by the Chief Executive and retained with the purchase order.

FR 9.7.4 All Exceptional Purchase Actions above £25,000 will be reported to the Board at the next available Board meeting

FR 9.7.5 Purchases can be made from recognised buying groups or frameworks, which do not require tender or quotation procedures, but using this route needs to demonstrate value for money.

## **FR 10 STOCKS & STORES**

FR 10.1 The Chief Executive in conjunction with the Finance Manager shall prepare guidance relating to the manner in which stocks and stores are to be administered.

FR 10.2 Stocks shall not be held in excess of normal operational requirements, except in special circumstances and with the approval of the Chief Executive.

FR 10.3 The identification of any material surplus or deficiency shall be reported to the Chief Executive and may only be written off with his/her approval up to the delegated limit (see FR 14). Amounts in excess of that limit require the approval of the Board.

FR 10.4 The Finance Manager is responsible for maintaining adequate inventories for smaller items (those not on the Asset Register). The objective of the inventory is to assist in maintaining effective control over items which are portable, desirable and valuable.

FR 10.5 All goods received shall be checked by the receiving officer as regards quantity and / or weight and inspected as to quality and specification. A delivery note shall be obtained from the supplier, wherever possible, and signed by the person receiving the goods.

FR 10.6 All goods issued from stores shall be properly accounted for and recorded.

FR 10.7 All breakages and losses of goods held in store shall be recorded and reported to the Finance Manager to take appropriate action.

FR 10.8 There shall be a physical check of all items in store at least once a year by the Finance Manager (or nominated deputy) and Director of Operations and Engineering Services (or nominated deputy) who will record and sign a stock taking record as at that date. The Internal Auditor will be given an opportunity to participate in an annual stock take.

**FR 11 ASSETS**

FR 11.1 The Chief Executive will ensure that the assets are properly maintained and securely held and should ensure that contingency plans for the security of the assets and continuity of service in the event of disaster or system failure are in place. Assets include stocks, stores, equipment, records and intangible items such as intellectual property.

FR 11.2 The Chief Executive shall establish and maintain a register of all property and assets owned and leased to the Board. In addition, a register of all ICT equipment will be maintained.

FR 11.3 All assets over £5,000 in value owned by the Board shall be accounted for in an Asset Register maintained by the Finance Manager.

FR 11.4 The Asset Register shall reflect additions and disposals of assets and record the cost or valuation of the assets.

FR 11.5 At least once a year, the Finance Manager (or nominee) shall prove the accuracy of the asset register with a physical inspection of the Board's assets, reporting on the results of that inspection.

FR 11.6 The Asset Register shall be available for inspection by Board members at the Board's office at Witham House.

FR 11.7 Any sale of Board assets/office equipment/stocks surplus to requirements will either be traded-in, subject to auction (including electronic auction sites) or subject to invitation of quotations, where the estimated value of the item exceeds £1,000. Items subject to quotations will normally be advertised on the Board's website. Where an item below £1,000 is to be disposed, the Chief Executive will agree the most appropriate disposal method which may include auction (including electronic auction sites), internal quotes from staff/members, scrapping, or sale to a reuse company.

FR 11.8 Quotations shall be confidential in a sealed envelope and shall be opened, not earlier than the closing date prescribed, in the presence of the Chief Executive (or nominated deputy) and the Chairman or Vice Chairman of the Board (or nominated deputy). A declaration shall be signed to such effect by the people present at the opening of the quotations.

FR 11.9 Where a quotation for a sale is accepted other than the highest financial value, the reasons and approval of the Chairman or Vice Chairman shall be recorded.

## **FR 12      INTERNAL CONTROL AND AUDIT**

- FR 12.1      The Chief Executive, in conjunction with the Finance Manager, shall implement effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes, regulations and other relevant statements of best practice. The systems should ensure that public funds and other assets are properly safeguarded and used economically, efficiently and effectively and in accordance with the statutory and other authorities that govern their use.
- FR 12.2      As a requirement of the Accounts and Audit Regulations 2011 (or as amended), the Chief Executive shall arrange for an internal audit of accounting, financial management and other operations of the Board to take place. This audit will be undertaken by an external person qualified to perform this function. The Internal Auditor shall produce an Annual Report to the Board (normally in May each year, relating to the prior financial year).
- FR 12.3      A letter of engagement will be submitted to the appointed Auditor at the time of their appointment and a reciprocal letter of engagement must be received by the Board from the appointed auditor, confirming their appointment, roles and responsibilities.
- FR 12.4      The Internal Auditor is authorised to:
- access/enter at all reasonable times any Board premises or land.
  - have access to all assets, records, documents, minutes, correspondence and control systems relating to any aspect of the Board's activities.
  - require and receive any information and explanation considered necessary concerning any matter under examination.
  - require any employee of the Board to produce or account for cash, stores or any other Board asset under his or her control
  - request access to records belonging to third parties, such as contractors or partners
  - have full and free access to all Officers, Members and Committees.
  - allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accompany audit objectives
  - carry out unscheduled checks on any financial systems.
- FR 12.5      The Internal Auditor is not authorised to:
- perform any operational duties for the Board, unless in exceptional circumstances where specific approval is given by the Chief Executive/ Finance Manager
  - initiate or approve accounting transactions.
  - direct the activities of any Board employee, except to the extent such employees have been appropriately assigned to assist the Internal Auditor.
- FR 12.6      The Board is required to comply with External Auditors appointed by the Smaller Authorities Audit Appointments (SAAA). All Employees of the Board are required to assist and co-operate with the External Auditor in the performance of his/her duties.

FR 12.7 The Board should use the reports from external auditors to assist it in monitoring performance, including the operation of these regulations.

**FR 13 FRAUD OR OTHER IRREGULARITIES**

FR 13.1 Any Officer with concerns shall immediately notify the Chief Executive and / or the Internal Auditor 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.

FR 13.2 Any financial irregularity involving an employee of the Board will be considered as gross misconduct, and will be dealt with in accordance with the Disciplinary Procedure of the employee's Terms and Conditions of Contract.

**FR 14 WRITE OFFS**

FR 14.1 The Chief Executive shall have the authority to write off the following:

- any debt up to the value of £250 (excluding Drainage Rates, which is a write off reserved to the Board).
- 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 up to £1,000.
- goods, vehicles or materials that are considered to have no material value due to deterioration or obsolescence, up to £1,000.

FR 14.2 Officers shall inform the Chief Executive of any item under 14.1 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.

FR 14.3 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 Chief Executive.

FR 14.4 Any proposed write off value greater than £1,000 is to be authorised by the Board having received:

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

FR 14.5 The Finance Manager shall make the appropriate adjustments to accounting records.

FR 14.6 All Drainage Rates write-offs must be approved by the Board. The Board's policy is not to issue rate demands for under a minimal amount (currently £2.50) and a schedule of these accounts will be presented to the Board annually for

write off. Other drainage rate accounts will be presented to the Board periodically for write off of amounts that are deemed uncollectable.

## **FR 15      SALARIES, WAGES AND PENSIONS**

FR 15.1      All new appointments (with the exception of the Chief Executive's post, which shall be ratified by each of the 4 Boards) shall be approved by the Chief Executive and will be made in accordance with the approved grading structure and scales of pay. Staff salaries/wages and conditions shall be in accordance with those determined by the Pay and Conditions Advisory Committee of the Lincolnshire Branch of the Association of Drainage Authorities, as ratified by the Board and with any variations as agreed by the Board.

FR 15.2      Any request by an employee for a regrading/increase in grade or spine point must be made initially to the Chief Executive. If required, the Chief Executive will submit any request to the Joint Services Committee for consideration (that Committee fulfilling the role, for each of the 4 Boards, of a Terms and Remuneration Committee).

FR 15.3      The payment of all salaries, wages, pension schemes, compensation and other emoluments to all present or former employees shall be made by the Chief Executive or under arrangements controlled by him/her. Pay arrears arising after the date of leaving will not normally be paid to former employees unless it is requested.

FR 15.4      Officers shall notify the Chief Executive 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, except annual 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.

FR 15.5      Time records or other pay documents shall be in a form prescribed or approved by the Chief Executive and shall be certified in writing by or on behalf of the appropriate officer (eg Director of Operations and Engineering Services).

FR 15.6      The Finance Manager will ensure all salary and wages employer and employee deductions and payments (including PAYE and NI) are calculated in accordance with latest regulations and guidance issued by HMRC and others and held in separate holding accounts. These accounts will then be reconciled and paid over at periodic intervals.

## **FR 16      STAFF**

FR 16.1      The Chief Executive will be responsible for all staffing matters within the approved structure and budget. This includes gradings, temporary arrangements, training requirements, secondments, fixed term appointments, etc.

- FR 16.2 The Board's approval shall be required for the employment of additional permanent staff.
- FR 16.3 The Chief Executive has authority to employ additional temporary staff, provided the revenue consequences are contained within the current annual estimates/budget.
- FR 16.4 The Finance Manager shall keep a record of all employees to show details of the appointment, grade and payments in respect of each employee of the Board.

**FR 17 BOARD EMPLOYEES**

- FR 17.1 All employees of the Board shall conduct themselves in a polite and courteous manner, as expected by the Board and in line with the code of conduct for officers.
- FR 17.2 Employees must declare in writing to the Chief Executive any financial or other interest, which could conflict with the Board's interests and any additional employments.
- FR 17.3 In terms of hospitality and gifts, only usable gifts up to a value of £25 may be accepted by individual staff or a group of staff. Under no circumstances may cash be accepted as a gift by any employee of the Board.
- FR 17.4 Hospitality/Gifts of more than £25 must be recorded in a register of gifts and hospitality to be kept at the Board's offices.
- FR 17.5 Where an outside organisation is seeking to sponsor a Board activity (whether by invitation, tender, negotiation or voluntary), contract procurement rules will apply.
- FR 17.6 Roles on the staffing structure may be undertaken by contract staff rather than on an employed basis. Where this occurs, any requirements on staff will equally relate to those contracted staff. Any company undertaking such roles must provide adequate public liability and professional indemnity insurance.

**FR 18 MEMBERS' AND EMPLOYEES' EXPENSES**

- FR 18.1 All staff claims for payment of car allowances, subsistence allowances, travelling and any other incidental expense shall be submitted as required and duly certified, in a form approved by the Chief Executive.
- FR 18.2 The authorisation by an 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.
- FR 18.3 An authorising officer shall not authorise a claim form made payable to him/herself.
- FR 18.4 Claim forms submitted more than six months after the expenditure has been incurred shall be paid only at the discretion and approval of the Chief Executive.

FR 18.5 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 Chief Executive upon receipt of the completed form.

**FR 19 RISK MANAGEMENT AND INSURANCES**

FR 19.1 The Board, with the advice of the Chief Executive, shall approve arrangements for risk management and insurance and shall periodically review the Board's Risk Register.

FR 19.2 The Board may delegate the monitoring and regular review of risk management and insurance to a sub committee, including regular review of the Risk Register.

FR 19.3 Within the Risk Management Strategy determined by the Board, the Chief Executive shall effect and administer the Risk Register to ensure:

- procedures are in place to identify, assess, prevent or contain material known risks and these procedures are operating effectively throughout the Board.
- a monitoring process is in place to review regularly the effectiveness of risk mitigation and the operation of controls. The risk management process should be conducted on a continuing basis for all service areas and applies to all projects and capital schemes.
- officers know that they are responsible for managing relevant risks and are provided with relevant information.
- acceptable levels of risk are assessed and insured against where appropriate.

FR 19.4 The Chief Executive shall, in consultation with officers, initiate all insurance cover and negotiate all claims.

FR 19.5 Officers shall promptly notify the Chief Executive of all new risks, properties or vehicles needing to be insured and of any disposals or alterations affecting existing insurances and schedules.

FR 19.6 Officers shall notify the Chief Executive of any loss, liability or damage or any event likely to lead to a claim on any Board insurance policy, and shall where appropriate notify the police of the relevant circumstances (e.g. where a crime reference number and an investigation may be warranted).

FR 19.7 All employees of the Board shall be included in a suitable fidelity guarantee insurance.

FR 19.8 The Chief Executive shall annually, or at such other period as he/she considers necessary, review all insurances held by the Board in consultation with other officers as appropriate and an insurance summary will be submitted to the Board.

FR 19.9 Officers shall consult the Chief Executive in respect of the terms of any indemnity which the Board is requested to give.

FR 19.10 Subject to the agreement of the Chief Executive, officers 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 by third parties working for and on behalf of the Board.

## **FR 20      DATA & SECURITY**

FR 20.1      Each officer is responsible for maintaining proper security at all times for all buildings, stores, paint, vehicles, equipment, cash, fuel, documents and information under his/her control. Each officer shall consult the Chief Executive in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.

FR 20.2      All officers of the Board have a duty to comply with the requirements of the Data Protection Act and any amending legislation. Officers shall ensure that staff are aware of their responsibilities under this legislation. For example, data will be relevant and maintained for the purposes collected, not be excessive, be appropriately stored, retained, and destroyed/disposed of in accordance with the Information Commissioner's Guidance.

FR 20.3      All officers are subject to the requirements of the Freedom of Information Act 2000 and will provide any information required to meet any requests under these regulations.

FR 20.4      The maximum limit for cash held on the Board's premises will be £1,000 or as recorded in the appropriate insurance policy.

FR 20.5      Keys to safes/offices/pumping stations etc. are to be carried on the person of those responsible at all times. A list of such key holders shall be held by the Chief Executive. Where keys are transferred between staff, the new recipient assumes responsibility. The loss of any keys must be reported immediately to the Chief Executive.

FR 20.6      All officers are responsible for all property which has been issued to them, such as Laptops, GPS equipment, cameras and Mobile phones. A list of such equipment will be maintained by the Finance Manager. The loss of any such equipment will be reported immediately to the Chief Executive.

FR20.7      Cyber risk is an expanding risk to any organisation and the reliance on the internet and ICT based systems is continually growing. Staff and Members should therefore take all reasonable precautions when using ICT and systems (including email) in order to maintain the safety and integrity of the Board's systems. Cyber insurance has been procured on behalf of the Board in order to cover any additional financial consequences resulting from a Cyber attack.

## **FR 21      PROTECTION OF PRIVATE PROPERTY**

FR 21.1      Each officer shall notify the Chief Executive of any case where steps are necessary to prevent or mitigate loss or damage of moveable property.

FR 21.2      The Board shall not be liable for accidental loss or damage to personal possessions which employees choose to use whilst they are on the Board's business and which are not included under the Board's Insurance Policies.

FR 21.3      Any 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 Chief Executive and shall, if not claimed, be disposed of in a manner determined by him/her.

- FR 21.4 In the event of loss or theft of personal items by/from staff, a full report shall be made by the affected employee as soon as the loss/theft has been discovered. All such incidents shall be recorded, investigated and, if appropriate, reported to the Police for investigation. Where possible, the Chief Executive or other officer shall make appropriate recommendations to improve security where there are lessons to be learnt.

## **FR 22 PETTY CASH & POSTAGE**

- FR 22.1 A single petty cash imprest of £200 (held by Witham Third DIB on behalf of the 4 Boards) shall be maintained by the Finance Manager for minor disbursements. A record book will be maintained to show all payments from petty cash and details of each item and the name of the officer who incurred the expenditure. A VAT receipt must support the expenditure.

- FR 22.2 The petty cash account shall be balanced and reconciled to the cash holding on a quarterly basis (as at end of June, September, December and March).

- FR 22.3 Most postage will be issued via the franking machine held at Witham House. The franking machine account is held by Upper Witham DIB and is recharged via the Joint Services recharges on a quarterly basis. A record is to be maintained on a daily basis of the value and items of post despatched. A small volume of stamps will be maintained via petty cash for mail which cannot be franked. Additionally, as required, specialist postage (eg signed for mail) will be procured as and when required via petty cash.

## **FR 23 WEBSITE AND TRANSPARENCY**

- FR 23.1 The Board's website will be used to provide information about the Board and its financial affairs to meet the requirements of the government's transparency agenda and to comply with the Local Government Transparency Code 2015. It will include the Statement of Accounts, Notices of Audits and Conclusion of Audits, Public Notices relating to financial matters, schedules of expenditure (to meet publishing spend over £250), staffing structure and senior salaries, calculations and setting of penny rates and special levies, elections, etc.

- FR 23.2 The website will be administered by the Executive Assistant and staff must ensure that information is updated on a regular and timely basis. Any anomalies should be reported to the Executive Assistant at the earliest opportunity.

## **FR 24 REVIEW**

- FR 24.1 These Financial Regulations shall be reviewed at least every three years by the Board. These regulations, approved by the Board in May 2018, will therefore require review by May 2021.

**JEF/SL  
MAY 2018**