



**AXE BRUE, PARRETT & NORTH SOMERSET LEVELS
INTERNAL DRAINAGE BOARDS**

**GOVERNANCE
FINANCE POLICY**

Version 1.2

Approved by the Boards:		
Axe Brue IDB	01 April 2019	Chairman
Parrett IDB	01 April 2019	Chairman
North Somerset Levels IDB	01 April 2019	Chairman

To be reviewed every 12-months

1.0 INTRODUCTION

1.1. This Financial Policy is designed to supplement the Board's Standing Orders and to ensure that the funds and assets of the Board are properly accounted for and controlled.

1.2. Any variation to this Policy shall only be made by a resolution of the Board.

1.3. The Officers of the Board are the Clerk and Chief Executive Officer (CEO) and the Responsible Finance Officer (RFO) who shall be responsible to the Board for ensuring compliance with the Policy and shall, where appropriate, prepare additional rules of procedure, supplementary to the Policy, to ensure the maintenance of proper financial control and security. The Board's Financial Procedures sets out the requirements, responsibilities and duties with which staff must comply in order to meet the provisions of this Policy.

1.4. The Officers shall determine the format of the Board's accounting systems, annual accounts and supporting records and shall ensure that the accounts of the Board and supporting records are kept up to date.

1.5. The Officers shall maintain an adequate and effective system of internal control details of which can be found in the Board's Internal Control document.

1.6. The Officers shall ensure that the Board's annual accounts are prepared as soon as possible after 31st March, and in accordance with the dates as set out in the Accounts and Audit Regulations 2015.

2.0 FINANCIAL RECORDS

2.1. The Board's financial records shall be maintained in a proper manner using systems and procedures approved by the Officers.

2.2. The use of the Board's financial systems and access to the records shall be as defined in the financial procedures.

2.3. The financial records shall be available for inspection at any time by any member of the Board or by internal or external auditors. Members of the public may also inspect the Board's financial records by appointment during the year or during a defined period of 30 working days in the period from early June to mid-August.

2.4. The RFO shall ensure that appropriate accounting systems are in place to meet the Board's legal requirements, including those of all funding bodies.

3.0 AUDIT

3.1. As a requirement of the Accounts and Audit Regulations 2015 the RFO 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 independent person or organisation qualified to perform this function.

3.2. As part of the duties, the internal auditor shall complete Section 4 of the Annual Return and shall submit a report of his or her findings from the audit, together with an action plan, to the Board as soon as possible after completing the audit.

3.3. The Board will consider and approve a programme of audit work covering the period of the auditor's appointment or three years, whichever is the lesser, incorporating reviews of different aspects of the Board's activities.

Authority of Internal Audit:

3.4. Auditors are authorised to:

3.4.1. Access/enter at all reasonable times any Board premises or land.

3.4.2. Have access to all assets, records, documents, minutes, correspondence and control systems relating to any aspect of the Board

3.4.3. Require and receive any information and explanation considered necessary concerning any matter under examination

3.4.4. Require any Employee of the Board to produce or account for cash, stores or any other Board asset under his or her control

3.4.5. Request access to records belonging to third parties, such as contractors or partners

3.4.6. Have full and free access to all Officers, Members and Committees

3.4.7. Allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accompany audit objectives

3.5. Auditors are not authorised to:

3.5.1. Perform any operational duties for the Board, unless in exceptional circumstances where specific approval is given by the CEO/RFO

3.5.2. Initiate or approve accounting transactions

3.5.3. Direct the activities of any Board Employee, except to the extent such Employees have been appropriately assigned to assist the Internal Auditor.

3.6. In addition 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 Local Audit and Accountability Act 2014.

3.7. The RFO shall ensure that the Annual Return is completed, reviewed and authorised in accordance with the Accounts and Audit Regulations 2015.

4.0. FRAUD OR OTHER IRREGULARITIES

4.0. All Board members and Employees shall be familiar with, and comply with, the Board's Anti-Fraud and Corruption Policy

4.1. Any member of staff who is concerned shall immediately notify the CEO 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.

4.2. 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.

5.0. ESTIMATES

5.0. The RFO shall be responsible for the preparation of annual estimates as set out in the Financial Procedures.

5.1. The estimates shall be approved by the Board each year in order that the rates and special levies can be determined not later than 15th February.

5.2. The RFO shall report to the Axe Brue, Parrett and NSLIDB Finance & Works Sub-Committees and the Full Boards on a periodic basis, detailing any material variances from the estimates.

6.0. BANKING

6.0. Bank accounts shall only be opened with the prior approval of the Board.

6.1. The Officers shall advise the Board's bankers, in writing, of the conditions under which each bank account, which must be in the Board's name, shall be operated.

6.2. Bank accounts will be operated in accordance with the Financial Procedures. The following shall be adhered to at all times:

6.2.1. The RFO will maintain a list of signatories for all accounts in the Board's name

6.2.2. The RFO will ensure that there are at least two users of the electronic banking software, each of whom shall have his or her own password and authentication device issued by the bank

6.2.3. All payments to third parties, whether by cheque or BACs, will be authorised by any two appropriately designated signatories

6.2.4. Transfers between accounts shall be made as in 6.2.3. above or by telephone call to the bank's Customer Service Centre

6.3. The RFO shall ensure that bank account balances are managed so as to produce maximum benefits for the Board.

6.4. Bank statements will be received periodically and reconciled without undue delay as defined in the Financial Procedures. Independent scrutiny of bank reconciliations shall be performed in accordance with the Financial Procedures.

7.0. INCOME

7.0. All income, whether received direct to the bank or in person or by post, shall be recorded in accordance with the Financial Procedures.

7.1. Board monies shall not be used for the encashment of private cheques

7.2. All payments received shall be banked at least weekly. Disbursements shall not be made from cash received. Banking shall be daily when large sums are received.

7.3. There shall be adequate segregation of duties such that the same person does not open the post, input data to the Board's systems and pay cheques and cash into the bank.

7.4. Keys to safes, cash boxes etc. shall be carried by the designated officers.

8.0. CONTRACTS AND PURCHASES OF GOODS AND SERVICES

8.0. Purchases of goods and services on behalf of the Board shall be made in accordance with the Procurement Policy with reference to the Board's Scheme of Delegation and the approved Expenditure and Budget Authorisation Limits.

8.1. Contracts for Board expenditure shall always seek to provide 'best overall value' to the Board taking into account all cost sources involved in the work.

8.2. The procedure to be used is dependent on the anticipated cost of the goods or services as set out in the Procurement Procedures.

8.3. Wherever possible competitive prices or tenders shall be obtained from alternative suppliers of goods or services. Single tender actions may be appropriate due to urgency, lack of alternative supplier(s) or clear financial benefit to the Board. Any such award must be approved by the CEO or RFO.

8.4. The award of contracts shall also, wherever possible, be based on the lowest whole life cost option. Contracts may be awarded on a cost/quality/reliability basis.

8.5. Where it is required by the Procurement Procedure, tendering 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.

8.6. Frameworks may be used to help meet procurement legislation.

8.7. Post-tender negotiation may be undertaken with the lowest price contractor or supplier to improve the price/quality/reliability.

8.8. It shall be the duty of the RFO to ensure that Purchase Orders are raised in accordance with the Financial Procedures.

8.9. All invoices for payment shall be examined, checked against the relevant purchase order, coded and approved by the person responsible for the order.

8.10. There shall be adequate segregation of duties such that the same person does not raise a purchase order, approve the invoice and sign/authorise payment.

8.11. Purchases of goods and services may, alternatively, be made using a Government Procurement Card (GPC) in accordance with the GPC Procedures document

9.0. TAXES AND OTHER STATUTORY PAYMENTS

9.0. The Boards are registered for VAT as a VAT group. VAT shall be accounted for on all transactions, applying the correct treatment in accordance with VAT regulations.

9.1. The RFO is responsible for ensuring that VAT is identified and correctly recorded.

9.2. The VAT group is always in a repayment situation; the RFO is responsible for ensuring that monthly VAT returns are submitted electronically to HMRC within the published deadlines.

9.3. The RFO is responsible for ensuring that PAYE and national insurance contributions are correctly deducted from all payments to Employees and that Employee and Employer contributions and taxes are paid to HMRC in accordance with statutory deadlines.

9.4. The RFO is responsible for ensuring that all pension contributions deducted from Employee salaries are remitted to the pension scheme together with Employer contributions.

10.0 STOCK OF MATERIALS

10.1. Records of materials stock shall be in such a form and shall comply with such systems of control as the RFO shall approve.

10.2. All goods received into or issued from stock shall be properly accounted for and recorded. There shall be a physical check of all items in stock at least once a year and the stocktaking records shall be signed by the responsible person(s).

11.0. ASSETS

11.1. All assets owned by the Board costing more than the limit defined in the Financial Procedures shall be accounted for in an Asset Register maintained by the RFO. The Asset Register shall reflect additions and disposals of assets and record the cost or valuation of the assets.

11.2. The Asset Register will be reviewed annually to check that all assets are correctly recorded and will be checked against the inventory.

11.3. The Asset Register shall be placed before the Board for inspection following the completion of the annual accounts.

11.4. The Board's assets shall not be removed from the Board's premises except for use on Board business. A register shall be maintained to record the location of any asset removed from the Board's premises on a temporary basis.

12.0. WRITE OFFS

12.1. Debts in excess of the limit defined in the Financial Procedures shall only be written off by the Board.

12.2. The CEO shall have the authority to write off the following:

12.2.1. Outstanding rate debts up to those values defined within the Scheme of Delegation.

12.2.2. Damaged or stolen goods for which it is not considered that the Board may make a valid insurance claim.

12.2.3. Surplus goods and materials.

12.2.4. Goods, vehicles or materials that are considered to have no material value due to deterioration or obsolescence.

12.2.5. Other outstanding debts up to the value specified in the Scheme of Delegation.

13.0. STAFF

13.1. The Board's approval shall be required for the employment of additional permanent staff.

13.2. The CEO shall have authority to employ additional Consortium temporary staff, provided the revenue consequences are contained within the current annual estimates.

13.3. All new senior appointments shall be approved by the Board, and will be made in accordance with the local grading structure and scales of pay.

14.0. SALARIES, WAGES AND PENSIONS

14.1. Pay scales, regrading requests, cost of living increases and requirements of the pension scheme operator shall be considered at least once per year in accordance with the Financial Procedures.

14.2. The payment of all salaries, wages, compensation and other emoluments to all present or former Employees shall be made by the RFO in accordance with the Financial Procedures.

14.3. All timesheets, other pay records and expense claims shall be in an approved form and shall be signed and submitted in accordance with Financial Procedures.

14.4. The Officers shall be responsible for the proper compilation of the payroll and for the final determination of pay.

14.5. The RFO shall ensure that changes to Employee details together with statutory deductions are notified to HMRC prior to completing each month's payroll.

14.6. The RFO shall ensure that pension contributions are deducted from salary payments at the correct rates.

14.7. The RFO shall ensure that every 3 years, re-enrolment of all those applicable Staff into the LGPS is completed.

15.0. BOARD EMPLOYEES

15.1. All Employees 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.

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

15.3. It is an offence under the Bribery Act 2010 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 his or her official capacity as a Board Employee. The requirements are set out in the Anti-Bribery Policy. Hospitality must be recorded in a Hospitality Book to be kept at the Board's offices. These provisions are set out in the Gifts and Hospitality Policy.

15.4. 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.

15.5. All Employees behaviour, terms and conditions of employment including hours of work, overtime, rates of pay, leave entitlement, other absence, disciplinary procedures are set out in the Staff Handbook, with which all Employees should make sure they are familiar.

16.0. MEMBERS' AND EMPLOYEES' ALLOWANCES

16.1. All claims for payment of car mileage, subsistence allowances, travelling and any other incidental expense shall be submitted as required, duly certified, in a form approved by the RFO.

16.2. Claims should be submitted promptly, ideally on a monthly basis.

16.3. Mileage allowances will be paid at the current HMRC rate or at any other rate approved by the Board.

16.4. By signing their claim form, Employees confirm that all journeys claimed were undertaken on Drainage Board business and any expenses properly and necessarily incurred and that the allowances are in accordance with the Board's Financial Policy and Procedures.

16.5. An officer shall not certify a claim form made payable to him/herself.

16.6. Members are required to record mileage and other expenses on the attendance sheet for each meeting they attend.

16.7. Payments to Members should be made by the RFO on an annual basis using the details recorded on the attendance sheets.

16.8. The Chairman's allowance shall be reviewed periodically by the Board. Any proposed increase shall be notified to DEFRA in order to obtain official approval.

17.0. INSURANCES

17.1. Vehicles insurance shall be negotiated by the Assistant Clerk who will notify the insurers of all changes, advise of all incidents involving an insured vehicle and negotiate claims with the insurers.

17.2. The Assistant Clerk shall, annually or at such other period as considered necessary, review all vehicle insurances held by the Board in consultation with the CEO or RFO.

17.3. Any Employee using his or her own vehicle for business purposes must ensure that it is insured for such use and, before submitting any claim, must ensure that a current insurance certificate and, where applicable, a valid MOT certificate is provided to RFO. If either the vehicle or insurance cover is changed a new certificate evidencing the new information must be provided to RFO.

17.4. The RFO shall, in consultation with other staff, initiate all other insurance cover and negotiate claims in consultation with other officers, where necessary.

17.5. Employees shall promptly notify RFO or CEO of all new risks or properties needing to be insured, and of any disposals or alterations affecting existing insurances.

17.6. Employees shall notify RFO or CEO of any loss, liability or damage or any event likely to lead to a claim on any Board policy, and shall, where appropriate, notify the police of the relevant circumstances.

17.7. All Employees of the Board shall be included in a suitable fidelity guarantee insurance.

17.8. The RFO shall, annually or at such other period as is considered necessary, review all insurances held by the Board in consultation with other Employees as appropriate.

17.9. Employees shall consult the CEO in respect of the terms of any indemnity which the Board is requested to give.

17.10. Subject to the agreement of the CEO, the insurance policies of contractors for building, construction or engineering works shall be inspected to ensure, as far as possible, that all necessary cover has been taken out.

18.0. SECURITY

18.1. Members of staff are responsible for maintaining proper security at all times for all buildings, stores, vehicles, equipment, cash, documents and information under his or her control. Where security is thought to be defective or where it is considered that special security arrangements may be needed this should be brought to the attention of the CEO.

18.2. All Employees of the Board have a duty to comply with the requirements of the Data Protection Act 1998 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.

19.0. REVIEW

19.1. This Financial Policy shall be reviewed annually by the Board.