

# West Yorkshire Combined Authority Financial Regulations

## 1. INTRODUCTION

- 1.1. Financial regulations provide the framework for managing the Authority's financial affairs and apply at all times to all Members and Officers of the Authority.
- 1.2. The Director of Resources is designated under Section 73 Local Government Act 1985 as the officer who is responsible for the proper administration of the financial affairs of the WYCA (the Chief Finance Officer).
- 1.3. The Chief Finance Officer shall make suitable arrangements to ensure that these financial regulations are made known to all officers of the WYCA.
- 1.4. In this and the succeeding parts of the Financial Regulations (FRs):-

**"Authority"** means the West Yorkshire Combined Authority.

**"Officer"** means an officer of the Authority unless otherwise specified

**"CFO"** means the "Chief Finance Officer" of the Authority

## 2. FINANCIAL MANAGEMENT

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

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

### **3. FINANCIAL PLANNING**

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

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

#### **4. CAPITAL EXPENDITURE**

- 4.1. Capital expenditure involves acquiring or enhancing fixed assets with a long term value to the Authority, such as land, buildings and vehicles. They frequently create financial commitments for the future in the form of financing costs and revenue running costs.
- 4.2. The CFO, in conjunction with the Assistant Director Integrated Transport, shall present to the Authority an indicative capital programme for the current and future year with the annual budget report.
- 4.3. No capital expenditure shall be incurred without first being approved by the Authority, except up to a maximum of £50,000 on feasibility studies or advance design work required for a scheme that appears within the agreed capital programme. All expenditure on schemes shall be the subject of a report to the Authority, its Transport Committee or its Investment Committee as the case may be, setting out the nature and justification for the scheme plus the anticipated capital costs and revenue consequences.
- 4.4. Expenditure on a capital scheme which is in excess of the approval granted by the Authority or a relevant committee of the Authority may only be incurred up to a limit of £100,000 or 10%, whichever is the less (provided such excess exceeds £10,000), without a further report to the Authority or the relevant Committee. All capital expenditure incurred during the financial year shall be reported to the Authority by the CFO in an annual report to coincide with the annual accounts.
- 4.5. All funding arrangements shall be undertaken by the CFO in accordance with any decisions or delegations made by the Authority or the relevant Committee. The CFO shall include a full statement of the funding

arrangements actually applied in the annual final accounts approved by the Governance and Audit Committee and reported to the Authority and/or Committee.

## **5. RISK MANAGEMENT AND CONTROL OF RESOURCES**

### **Risk Management**

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

### **Internal Control**

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

### **Audit**

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

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

#### **External Audit**

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

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

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

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

### **Security of Assets**

- 5.17. It is important that all assets including land and property, cash, vehicles, plant, furniture and equipment are safeguarded and used efficiently in service delivery.
- 5.18. It is the responsibility of the Chief Finance Officer to maintain an asset register for all fixed assets with a value in excess of £4,000. All items of furniture, fittings, plant and equipment shall be included on an inventory.
- 5.19. It is the responsibility of each Budget Controller to:
- 5.19.1. make proper arrangements for the secure control and safe custody of all assets in respect of their area of responsibility
  - 5.19.2. ensure that the property procedures are adhered to by all officers
  - 5.19.3. inform the Chief Finance Officer of any instances where they believe the security to be inadequate
  - 5.19.4. ensure that designated officers are personally responsible for the safekeeping of keys
  - 5.19.5. ensure that designated Managers review the security of the premises under their control on a regular basis.
- 5.20. The functional Budget Controller is responsible for arranging a procedure for the safe custody and control of stocks and stores. These arrangements must be approved by the Chief Finance Officer.
- 5.21. Assets and stock valued at more than £250 shall be written-off/written down by the Authority following a recommendation of the Chief Finance Officer.
- 5.22. Any instance of loss or theft of Authority property must be notified to the Chief Finance Officer. If the loss or theft involved data that could be deemed sensitive or confidential then this must also be notified to the Head of Legal and Democratic Services.

### **Disposal of Assets**

- 5.23. The Purchasing Officer is responsible for arranging the disposal of any assets deemed to be obsolete, non-repairable or unnecessary.
- 5.24. The Purchasing Officer is authorised to dispose of surplus or obsolete stores or equipment. Where they believe the sales value to be higher than £500 for

each transaction then they are also responsible for ensuring that these sales are made by competitive tender or public auction.

- 5.25. All disposals to officers, related parties or members require the prior approval of the Directors/HoPS.
- 5.26. The Head of Legal and Democratic Services is responsible for the disposal of interests in land and buildings in accordance with the Authority's Officer Delegation Scheme.

### **Treasury Management**

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

## **6. FINANCIAL SYSTEMS AND PROCEDURES**

- 6.1. The Chief Finance Officer is responsible for:
  - 6.1.1. the operation of the Authority's accounting system, the form of accounts and the supporting financial records
  - 6.1.2. issuing guidance and advice and procedures to officers
  - 6.1.3. approving any changes to existing financial systems
  - 6.1.4. approving the introduction of any new financial systems
  - 6.1.5. ensuring the operation of appropriate controls covering input to the financial system, the processing of the information and any output
  - 6.1.6. ensuring that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls

- 6.1.7. ensuring that the business recovery plan makes adequate preparations for ensuring that financial systems can be recovered in the event of an interruption
- 6.1.8. ensuring that finance systems are documented and staff are trained in how to operate them
- 6.1.9. Issuing appropriate instructions on the systems for collecting and recording income, and ordering and payment of goods and services.

### **Payments to officers**

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

### **Taxation**

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