

WITHAM AND HUMBER DRAINAGE BOARDS

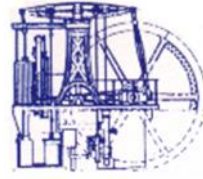
*Four independent statutory Land Drainage and Flood Control Authorities working in partnership.
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Witham First District IDB



Upper Witham IDB



Witham Third District



North East Lindsey

www.witham3idb.gov.uk

Financial Regulations & Statement of Internal Control

Approved:

| | |
|-------------------------------|---------------------------------------|
| North East Lindsey IDB | 14th September 2021 |
| Upper Witham IDB | 20th September 2021 |
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To be Reviewed by September 2024

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

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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 each of the 4 Board's Standing Orders, to ensure that the funds and assets of a 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 Board is responsible for ensuring it has proper governance arrangements in place and has a robust system of financial control.
- FR1.2 The Chief Executive will ensure that a system of financial control is put in place and that adequate resources are available to maintain this, including the appointment of Internal and External Auditors.
- FR 1.3 The Responsible Financial Officer (RFO), currently the Director of Finance and Governance, will be responsible to the Chief Executive and 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 statutory and HMRC regulations.
- FR1.4 The RFO is 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.
- FR1.5 The RFO will, where appropriate, prepare additional rules of procedure, supplementary to these Regulations, to ensure the maintenance of financial control and security.
- FR1.6 The Board will appoint an Internal Auditor, who will be responsible for maintaining an adequate and effective internal audit of the accounts of the Board.
- FR 1.7 The RFO will ensure that the Board's Annual Accounts are prepared as soon as possible after 31st March each year and in accordance with the dates as set out in the Accounts and Audit Regulations 2011 (or as amended) and meet the requirements of the Audit & Accountability Act 2014. All associated annual returns (including the IDB1 Annual Report and the IDB Annual Return) will be submitted within the statutory deadlines.
- FR 1.8 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 at which the item is held in the accounts (i.e., depreciated cost). If the item is not an asset, then the term 'value' relates to the estimated worth of the item (if it is either sold or scrapped).
- FR 1.9 These Financial Regulations and Statement of Internal Control supplement each Board's Standing Orders.

FR 1.10 These Financial Regulations and Statement of Internal Control will apply to all staff and, where roles are provided by a contractor, to those contracted staff as well. Where roles are provided by a contractor any reference to 'staff' will include them. Furthermore, any specific titles will apply to the role whether undertaken by employed or contracted staff.

FR 1.11 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 of 31st December each year.

FR 2 RESPONSIBILITY OF OFFICERS.

All staff of the 4 Boards have a general responsibility for the security of the property of the Boards, for the avoidance of loss and for economy, efficiency and effectiveness in the use of resources. Regarding financial matters, responsibilities are as set out below.

FR 2.1 The Chief Executive will be responsible for:

- ensuring financial advice is provided 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 and that procurement rules are adhered to.
- advise the Board on financial propriety and compliance.
- ensure that accurate, complete and timely financial management information is provided to the Board.
- ensure the preparation of statutory and other accounts.
- authorising statutory and other returns and claims and submit them on time.
- authorising Banking and Treasury Management transactions, including loans and investments (dual authorisation) and will be a signatory on the Boards bank accounts.
- Signatory on the 4 Boards' Bank Accounts.

FR 2.2 The Director Of Finance & Governance 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 preparing and authorising the statutory and other accounts.
- for preparing statutory and other financial returns and claims and for authorising financial claims.
- for ensuring the efficient and effective use of financial resources available to the Board, in respect of proper process.
- for ensuring procurement rules are in place and complied with.
- to provide the Chief Executive and Board with all such financial information and support as she/he and it may require to facilitate the proper discharge of their respective statutory duties and functions.

- for advising upon Banking and Treasury Management decisions and authorising transactions as appropriate (dual authorisation), and will be a signatory on the 4 Boards' bank accounts.
- 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.
- advising the Chief Executive and Boards on the safeguarding of assets, risk management and insurance.
- advising the Chief Executive and Boards on budgetary matters, including any consequent long-term implications.
- advising the Chief Executive and Boards of any financial loss, including theft of property.

FR 2.3 The Director of Engineering & Technical Services will be a signatory on the 4 Boards' bank accounts and may authorise banking and Treasury Management transactions (dual authorisation).

FR 3 **ACCOUNTS.**

FR 3.1 The Chief Executive supported by the Director of Finance & Governance will, 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 Boards' relevant subcommittees (where applicable) in January to allow recommendations to the Boards in January or February on the required level of the penny rate and council special levies. These will be set by 15th February each year, and notified to the relevant Local Authority, in accordance with relevant legislation.

FR 3.2 The Chief Executive, in conjunction with the Board's Director of Finance & Governance, Director of Engineering & Technical Services and Director of Operations, 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 subcommittee in September to allow recommendations to be agreed by the Board to be incorporated into the annual Budget process. Early approval is required to allow orders to be placed to secure delivery ahead of the weedcutting season.

FR 3.3 The Chief Executive and the Director Of Finance & Governance will each year produce a three-year projection to estimate levels of reserves, so that the penny rate can be set at appropriate levels.

FR 3.4 The Board meeting immediately before 15th February each year will set and seal the Penny Rate in the pound for the ensuing financial year.

FR 3.5 The Director Of Finance & Governance will produce as a minimum, quarterly financial in-year performance reports to the Chief Executive which include income and expenditure, bank, investment and loan balances, budget analysis and drainage rates collection rates.

FR 3.6 The Board will 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 Director Of Finance & Governance will produce the year end accounts to the Chief Executive and 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's estimated income. Other specific reserves will be maintained and reported to the Board with Estimates (January) and as part of the financial year-end reports (May).

The budget report will set out any requirements for the utilisation of reserves during the financial year. If additional use of reserves is required, then up to £25,000 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 will advise the Board's bankers in writing of the conditions under which each bank account shall be operated, and which will 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 interbank transfers) up to £99,999 will be authorised by one of the following. Chief Executive, Director of Engineering & Technical Services or Director of Finance & Governance.

FR 4.2.2 any Single payment (excluding interbank transfers) of £100,000 or above will be signed by the Chief Executive, Director of Engineering & Technical Services or Director of Finance & Governance, 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 Director of Finance & Governance (or nominee) in order to maintain adequate operational balances. Interbank transfers (i.e. those to deposit accounts) will be requested by the Finance and Ratings Officer and

authorised by the Chief Executive and/or Director of Finance & Governance and/or Director of Engineering & Technical Services (usually dual authorisation will be required).

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 everyone. 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 & Ratings Officer 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. 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 Director of Finance & Governance will maintain an Investments Register (albeit not for bank deposit accounts).

FR 5.3 The Director of Finance & Governance will 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 have an approved Treasury Management (Investments & Borrowing) Strategy.

FR 6.2 The Director of Finance & Governance will maintain a Loans Register.

FR 6.3 The Director of Finance & Governance will 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 01st 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 [or final Board meeting before 15th February], enabling those Councils paying Special Levy to be notified by 15th February each year of the amount payable for the forthcoming financial year commencing 01st April and advising them of the instalment payment dates in that financial year (by 01st May and by 01st November).

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 the Board's 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 can accept Credit and Debit card payments via the telephone (customer not present) and via its website. 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 (daily cash book) will 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 receipt 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 will not be made from cash received. Banking will be daily on weekdays when large sums are received (over £1,000 aggregate).
- FR 7.10 Keys to safes and cash boxes will be carried by designated officers and a record will kept of key holders by the Executive Assistant.
- FR 7.11 The Director of Finance & Governance will 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 Director of Finance & Governance will 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 Chief Executive and 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 will seek to ensure best value for money by testing the market where appropriate and 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 (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 of Chief Executive's, Chairman's or Vice Chairman's action shall be obtained retrospectively for such urgent actions.
- FR 8.4 All goods and services in excess of £500 will be ordered in writing using an official purchase order, authorised by the appropriate officer. Authorised orders must be submitted promptly to the Finance and Ratings Officers. Where goods and services are provided via a contract (e.g., electricity, phones, consultancy services, etc) then an order is not required for each purchase/payment.
- 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 either the Chief Executive, Director of Finance & Governance, Director of Engineering & Technical Services (or nominated deputy Head of Engineering & Technical Services) or Director of Operations (or nominated deputy Works Supervisor). Where possible, invoices shall not be certified by the same person authorising the payment (bank transfer, etc) in order to comply with the requirement to segregate duties. When certifying payments, the authorising officer will ensure the payment is lawful, within the powers of the Board, properly invoiced and due for payment. Invoices taken by Direct Debit can be authorised by the same named officers.
- FR 8.7 All VAT will be appropriately accounted for in a holding account and reclaimed promptly from HMRC in accordance with the latest regulations and guidance.

FR 9 **PROCUREMENT.**

- FR 9.1 All procurement must meet the requirements set out in The Public Contracts Regulations (2015) and Official Journal of the European Union (OJEU). The following procedures will be applied for the procurement of goods and services:

| <u>Estimated Value of Goods / Services</u> | <u>Minimum requirements</u> |
|--|--------------------------------|
| < £2,000 | Obtain 1 verbal quote. |
| > £2,001 to £5,000 | Obtain 2 written* quotations. |
| > £5,001 to £50,000 | Obtain 3 written quotations. |
| > £50,000 | Obtain a minimum of 3 tenders. |

**Written can include a verbal quote put into an email for audit trail.*

- FR 9.2 Invitations to tender may be 'selective' or 'open' although, whenever possible, selective tendering will be used and sufficient tenders will be invited to ensure that the required number of tenders is received, to adequately test the market.
- FR 9.3 The Criteria for the tender evaluation exercise will be set, before the invitation to tender 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 will 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 will 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 will be submitted in the prescribed form as laid out in the tender documents. Tenders submitted by post will be returned to the Executive Assistant who will note the delivery date and time on the envelope and store them in a safe place until tender opening. Tenders submitted by email will be returned to the Executive Assistant who will store these electronically until the tender opening. No release of information or circulation of tenders will take place until after the tenders have been opened and recorded. Electronic tenders will be made available to those opening the tenders at the time of the opening process.

FR 9.6 Tenders will be opened, not earlier than the closing date prescribed in the tender documents, in the presence of the Chief Executive (or nominated officer by the Chief Executive) and the Director of Finance & Governance. The Chairman or Vice Chairman of the Board (or nominated member/ officer) may also attend if required. A declaration will be completed and signed by the persons present at the opening of the tender(s) detailing the company/person’s name and amount submitted.

FR 9.7 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 of those received. Where a tender is accepted which is not the most favourable based on the evaluation criteria, the approval of the Board Chairman will be obtained, and the reasons recorded. This will be reported to the next Board meeting.

FR 9.8 **Exceptions to Procurement rules.**

FR 9.8.1 Exceptions are available in exceptional circumstances where it is necessary because of an unforeseen emergency, involving immediate risk to persons or infrastructure, or where there are limitations and restrictions in the market. 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:

Exception 1 - Where goods, works or services are deemed proprietary to the original purchase of a piece of plant or equipment and cannot be obtained from any other source. This can include the service and maintenance including any requirements to maintain a warranty, provision of parts and proprietary goods for vehicles and machinery, IT and telecommunications and office equipment, etc.

Exception 2 - where it is deemed an extreme urgency and approved by a Senior Officer (Director level and above).

Exception 3 - where the market place is limited and/or restricted (e.g., sole provider, by quality standards).

Exception 4 - where an existing framework agreement is in place which can be accessed by the Board. 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. The Director of Finance & Governance will confirm that the Framework is accessible by the Board and meets the requirements of The Public Contracts Regulations (2015) and Official Journal of the European Union (OJEU) requirements.

Exception 5 - if, following a tender or quotation exercise, the required number of tenders or quotes received do not meet the minimum required.

Exception 6 - where regular purchases are made and it is not practical to obtain quotes for each purchase/order made. Such examples may include purchase of stationery, building materials, and PPE. An annual review of prices must be undertaken and recorded to demonstrate value for money.

FR 9.8.2 An exception under procurement rule 9.8.1 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 9.8.3 Unless prior Board approval has been given, 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. All Exceptional Purchase Actions above £25,000 will be reported to the Board at the next available Board meeting. Any exceptions below £25,000 will be recorded in writing, authorised by the Chief Executive and retained with the purchase order.

FR 10 STOCKS & STORES.

FR 10.1 The Chief Executive in conjunction with the Director of Finance & Governance will prepare guidance relating to the way 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 her/his approval up to the delegated limit (see FR 14). Amounts in excess of that limit require the approval of the Board.

FR 10.4 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

will be obtained from the supplier, wherever possible, and signed by the person receiving the goods. This will be submitted with the order/weekly stock sheet.

- FR 10.5 All goods issued from stores will be properly accounted for and recorded. Weekly stock sheets will be submitted by the Board Foremen to the Ratings and Finance Officers.
- FR 10.6 All breakages and losses of goods held in store will be recorded and reported to the Director of Finance & Governance to take appropriate action.
- FR 10.7 There shall be a physical check of all items in store at least once a year by the Director of Finance & Governance (or nominee) and Director of Operations (or nominee) 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 4 Boards' assets are properly maintained and securely held and will ensure that contingency plans for the security of the assets and continuity of service in the event of disaster or systems failure are in place. Assets include stocks, stores, equipment, records and intangible items such as intellectual property.
- FR 11.2 All assets over £5,000 in value owned by the Board shall be accounted for in an Asset Register maintained by the Director of Finance & Governance. The Director of Finance & Governance will produce and maintain for the Chief Executive and Board a register of all such land, buildings, vehicle, plant and associated equipment assets owned and leased to and by the Board.
- FR 11.3 The Asset Register will reflect additions and disposals of assets and record the cost or valuation of the assets, including any depreciation that has been charged.
- FR 11.4 At least once a year, the Director of Finance & Governance (or nominee) will prove the accuracy of the asset register with a physical inspection of the Board's assets, reporting on the results of that inspection. The Internal Auditor will be given an opportunity to independently inspect any assets.
- FR 11.5 The Assets Register will be available for inspection by Board members at the Board's office at Witham House.
- FR 11.6 The Director of Operations will maintain adequate inventories for smaller items (those not on the Asset Register ie <£5k) for depot and vehicle equipment and tools. The objective of the inventory is to assist in maintaining effective control over items which are portable, desirable and valuable [e.g., powered hand tools].
- FR 11.7 In addition, an inventory and register of all ICT and office equipment <£5k will be maintained by the Executive Assistant.
- FR 11.7 Any sale of a Board's 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 of, 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 submitted to the Executive Assistant who will record and store these in a safe place. These will be opened, not earlier than the closing date prescribed, in the presence of the Chief Executive (or nominated officer) and Director of Finance & Governance (or nominated officer). A declaration will be signed to such effect by the people present at the opening of the quotations.

FR 11.9 Where a quotation for a sale over £1,000 is accepted other than the highest financial value, the reasons and approval of the Chairman or Vice Chairman will be recorded.

FR 12 INTERNAL CONTROL AND AUDIT.

FR 12.1 The Chief Executive, in conjunction with the Director of Finance & Governance, will 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 will 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/ Director of Finance & Governance.
 - 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.
- FR 13.3 A separate Fraud and Corruption Policy is in place and covers this in more detail.
- 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 £1,000 (excluding Drainage Rates, which is a write off matter 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 Director of Finance & Governance will 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 amounts that are deemed uncollectable.
- FR 15 SALARIES, WAGES AND PENSIO.NS**
- FR 15.1 All new appointments (except for 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 her/him, 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 (e.g., Director of Operations).

FR 15.6 The Director of Finance & Governance 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.

FR 16.2 The Board's approval shall be required for the employment of additional permanent staff [in practice through the 4 Boards' Joint Services Committee which performs the role of each Board's Terms & Remuneration Committee].

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 Director of Finance & Governance will keep a record of all employees showing details of the appointment, grade and payments in respect of each employee of the Boards.

FR 17 BOARD EMPLOYEES.

FR 17.1 All employees of the 4 Board will conduct themselves in a polite and courteous manner, as expected by the Boards 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 will seek in writing prior approval for any additional employments.

FR 17.3 In terms of hospitality and gifts, only usable gifts up to a value of £25 will 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 authorised 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 subcommittee, including regular review of the Risk Register.

FR 19.3 Within the Risk Management Strategy determined by the Board, the Chief Executive shall affect 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 regularly review 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 will, in consultation with other senior officers, initiate necessary insurance cover and negotiate all claims.

- FR 19.5 Officers shall promptly notify the Director of Finance & Governance 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 and Director of Finance & Governance of any loss, liability or damage or any event likely to lead to a claim on any Board's 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 and Director of Finance & Governance will annually, or at such other period as she/he 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 will consult the Chief Executive and Director of Finance & Governance in respect of the terms of any indemnity which the Board is requested to give.
- FR 19.10 Officers in consultation with the Director of Finance & Governance will 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, GDPR.**
- FR 20.1 Each officer is responsible for always maintaining proper security for all buildings, stores, paint, vehicles, equipment, cash, fuel, documents and information under his/her control. Each officer will 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, particularly the requirements of GDPR. 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 always carried on the person of those responsible. A list of such key holders shall be held by the Executive Assistant on behalf of 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 and Executive Assistant.

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 Executive Assistant. The loss of any such equipment will be reported immediately to the Chief Executive and Executive Assistant.

FR 20.7 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 20.8 Officers and Members will also comply with the separately approved GDPR, Freedom of Information and Records Retention & Destruction policies.

FR 21 PROTECTION OF PRIVATE PROPERTY.

FR 21.1 Each officer will 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 her/him.

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 No petty cash is held by the Boards. Any minor expenses incurred by employees should be claimed via the mileage and expenses claim form which will be reimbursed via the payroll process.

FR 22.2 Most postage will be issued via the franking machine held at Witham House. The franking machine account is held by Upper Witham DIBD and is recharged via the Joint Services recharges on a quarterly basis. A record is to be maintained daily of the value and items of post despatched. A small volume of stamps will be maintained for mail which cannot be franked. Additionally, as required, specialist postage (e.g., signed for mail) will be procured as and when required via the Post Office.

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 will be reviewed at least every three years by the Board. These regulations, approved by the 4 Boards in September 2021, will therefore require review by no later than September 2024.

Prepared by

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JULY 2021