



**LONDON FIRE
AND EMERGENCY
PLANNING AUTHORITY**

FINANCIAL REGULATIONS

28 May 2008

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NOTE: These financial regulations are correct as at 16 June 2003. Any subsequent amendments will be printed and circulated indicating the date of Authority approval.

DEFINITION - In these financial regulations all references to 'heads of departments' shall be deemed to be the following officers – Commissioner for Fire and Emergency Planning, Deputy Commissioner for Fire and Emergency Planning, Directors, each Assistant Commissioner, Director of Finance and Contractual Services, Head of Information and Communications Technology, Head of Human Resources and Development, Head of Procurement, Head of Strategy and Performance, Head of Communications, Head of Legal and Democratic Services, Strategic Advisor to the Commissioner and Head of Health & Safety.

[Authority: 14.06.01 & 19.07.01]

1. Financial Procedures of Departments

The Director of Finance and Contractual Services has responsibility for the proper administration of the Authority's financial affairs, under Section 127 of the Greater London Authority Act 1999, and in carrying out this responsibility shall ensure that arrangements made by heads of departments in relation to all financial and accounting matters and the security of money and other assets are economic, efficient and effective. To this end heads of departments shall consult with the Director of Finance and Contractual Services on issuing such instructions and making such arrangements as are necessary. All financial systems, methods, records and controls shall be agreed with the Director of Finance and Contractual Services. The Director of Finance and Contractual Services shall be requested to report to the Authority not less frequently than once a year on the effectiveness of the financial administration.

2. Financial irregularities

- (a) If at any time any case of theft, fraud, bribery, corruption or other financial irregularity is discovered or suspected to exist which involves the Authority's interest the head of department/Assistant Commissioner concerned or the Brigade Investigating Officer shall at once (and before proceeding with any further investigation) notify the Director of Finance and Contractual Services. The head of department/Assistant Commissioner or Brigade Investigating Officer is authorised to call in the police forthwith if he/she considers that the nature of the irregularity warrants immediate action.
- (b) On being so notified the Director of Finance and Contractual Services shall, after such preliminary enquiries, if any, as the Director of Finance and Contractual Services thinks necessary, decide whether the police should be informed (if they have not already been called) and whether:
 - (i) to undertake an investigation; or
 - (ii) to be associated with any investigation by the head of department/Assistant Commissioner or Brigade Investigating Officer.
- (c) Where it appears to the Director of Finance and Contractual Services that an employee of the Authority may have been involved in any theft, fraud, bribery, corruption or other financial irregularity, the Director of Finance and Contractual Services shall inform the head of department/Assistant Commissioner concerned (and the Brigade Investigating Officer in the case of uniformed employees) if they are not already aware of the matter. Any disciplinary investigation shall be conducted in accordance with the disciplinary procedures applicable to such employees. The head of department/Assistant Commissioner or Brigade Investigating Officer in cases where he/she is conducting an investigation shall -
 - (i) supply the Director of Finance and Contractual Services with copies of all papers and other information relating to the suspected financial irregularity; and
 - (ii) consult the Director of Finance and Contractual Services as to what advice and assistance can be provided to him/her in relation to his/her investigations.
- (d) The Director of Finance and Contractual Services may at any stage of an investigation after consulting the Head of Legal and Democratic Services and the head of department/Assistant Commissioner concerned (and the Head of Human Resources and Development, if it appears that an employee of the Authority may be involved, and the Brigade Investigating Officer, if an investigation under the terms of the Fire Services (Discipline) Regulations is taking place) report the case to the police. The Director of Finance and Contractual Services shall report, if he/she considers it necessary.
- (e) In all cases of theft, fraud, bribery, corruption or other financial irregularity where criminal proceedings have not been instituted by the police the Head of Legal and Democratic Services shall decide in consultation with the Director of Finance and Contractual Services (and the Head of Human Resources and Development, if it appears that an employee of the Authority may be involved) whether or not criminal or civil legal proceedings shall be instituted on behalf of the Authority.

- (f) In all matters, heads of departments shall comply with the Authority's Corporate Counter Fraud Strategy and Fraud Response Plan.

[Authority: 12.6.03]

3. Preparation of Annual Estimates and Forecasts

In order that the Director of Finance and Contractual Services may prepare and submit estimates of expenditure and income required under standing order 79 heads of departments shall provide such information, in such form, and at such a time, as may be required.

- 4.** Heads of Departments shall be responsible for:
- (a) restricting expenditure to the amounts specified in the annual estimates for the financial year in respect of their departments;
 - (b) restricting expenditure to the amounts approved for individual projects;
 - (c) ensuring the receipt of income for which they are responsible;
 - (d) providing the Director of Finance and Contractual Services with explanations of variances from the approved estimates and related performance; and
 - (e) providing the Director of Finance and Contractual Services with any further analysis of expenditure and income that may be required.

5. Allocation of Expenditure and Income

Heads of departments shall provide the Director of Finance and Contractual Services with information, in the form and manner prescribed, to enable estimated and actual expenditure and income to be apportioned over the various heads of the Authority's estimates and accounts and to ensure that the separate accounts bear the proper charges.

6. Accounting

- (a) The Director of Finance and Contractual Services shall maintain the principal records of income and expenditure and shall be the adviser on all accounting matters. As chief accountant the Director of Finance and Contractual Services shall provide heads of departments with any extracts, summaries and details of records considered necessary, having due regard to the cost of producing them.
- (b) The Director of Finance and Contractual Services shall decide the documents, information and explanation which are necessary to be made available, or supplied, for the purpose of the Authority's external audit under Regulation 6 of the Accounts and Audit Regulations 2003.

[Authority: 12.6.03]

7. Regular Review of Income and Expenditure

In order to consider both the current position and that likely at the end of the financial year heads of departments shall, at regular intervals agreed with the Director of Finance and Contractual Services, review expenditure incurred and likely to be incurred and income received and likely to be received and shall bring any likely excess of expenditure (or shortfall in income) over departmental quotas promptly to the attention of the Director of Finance and Contractual Services, together with any likely significant under-spending or increase in income.

- 8.** Heads of departments shall seek the prompt collection of money due to the Authority and shall notify the Director of Finance and Contractual Services in a specified manner of all cash collected and income due to the Authority.

9. The Director of Finance and Contractual Services shall report periodically to the Authority on debts due to the Authority which in his/her opinion are long overdue.

10. Banking arrangements

- (a) All arrangements for opening bank accounts and for the banking and withdrawal of money shall be made by the Director of Finance and Contractual Services.
- (b) Under no circumstances shall private cheques, money or postal orders be cashed through the Authority's account or voluntary funds save for exceptional reasons and by prior arrangement with the Director of Finance and Contractual Services.

11. Delegated powers to incur expenditure

- (a) With the agreement of the Director of Finance and Contractual Services a head of department may transfer up to £50,000 between budget heads within that department's approved budget.
- (b) With the agreement of the Director of Finance and Contractual Services, a head of department may transfer up to £50,000 from a budget head within that department's approved budget to a budget head within another department's approved budget, but if those budget heads are in different Directorates the agreement of the appropriate Directors is also required.
- (c) The Director of Finance and Contractual Services shall report all transfers under (b) above to the Finance, Procurement and Property Committee as part of the quarterly monitoring reports submitted under Standing Order 83.

[Authority: 22.6.06]

12. Orders of work, goods and services

Heads of departments shall be responsible for all orders issued by their department for work, goods and services and for ensuring that the costs incurred are covered by approved estimates.

13. Contracts

Heads of departments, when seeking authority to incur expenditure on works to be carried out shall state the size of the contingency provision included in the tender documents or the estimate of cost.

14. Payment of bills

The Director of Finance and Contractual Services shall be the Authority's principal paymaster. All bills passed for payment shall be properly certified in accordance with procedures laid down by the Director of Finance and Contractual Services.

15. Staff records and payments

- (a) Salaries and Wages - Heads of departments shall provide the Director of Finance and Contractual Services with such information and in such form as may be prescribed to enable the calculation and payment of salaries and to maintain appropriate financial records and wages.

- (b) Superannuation - Heads of departments shall provide the Director of Finance and Contractual Services with such records and in such a form as prescribed to enable the calculation and payment of superannuation benefits and the maintenance of appropriate records.

16. Stores

- (a) Heads of departments shall be responsible for the safe custody and control of stores held by their department and shall ensure that the stocks held at any one time reflect consumption needs and do not exceed the minimum level necessary to service the appropriate operations.
- (b) Heads of departments shall undertake stock checks of all stores at least once each financial year in accordance with a programme approved by the Director of Finance and Contractual Services. The head of department shall also test check by surprise visits where the Director of Finance and Contractual Services agrees this to be appropriate. For every stocktaking, a list shall be prepared of the stock checked, indicating discrepancies with the stock records. Each list shall be accompanied by a certificate from the head of department that the stock shown in the list is held and whether the stock is in good condition and necessary and suitable for the requirements of the department. A copy of the list shall be forwarded to the Director of Finance and Contractual Services. The head of department shall determine in conjunction with the Director of Finance and Contractual Services what action shall be taken to deal with any discrepancies.

17. Inventories

Inventories of the Authority's property shall be prepared and kept up to date by heads of departments in a form prescribed by the Director of Finance and Contractual Services. These inventories shall be checked with the physical asset at least once each financial year. Should deficiencies occur the head of department shall determine in conjunction with the Director of Finance and Contractual Services what action should be taken. The Authority's property shall not be removed otherwise than in accordance with the course of the Authority's business.

18. Internal Audit

- (a) To enable the Director of Finance and Contractual Services to conduct an internal audit of any aspect of the work which has a bearing on the finances of the Authority or of accounts maintained by an officer who by virtue of his or her office deals with funds which are not the property of the Authority, heads of departments shall afford the Director of Finance and Contractual Services or his/her representative access to all establishments, records, cash, stores and other property and to any other sources of relevant information that may be required. The Director of Finance and Contractual Services shall report to the Audit Committee:-
 - (i) on any significant matters which arise during the conduct of internal audit; and
 - (ii) in any case, before the commencement of each financial year, detailing planned internal audit activities for the year and within six months of the close of the previous year, reviewing that year's activities.
- (b) The Director of Finance and Contractual Services shall maintain an adequate and effective system of internal audit of the Authority and its system of internal control in accordance with the proper internal audit practices.

[Authority: 12.6.03 and 21.06.07]

19. Disposal of assets

Heads of departments shall be responsible for making arrangements for the disposal of surplus stores, equipment, furniture etc., subject to the prior concurrence of the Director of Finance and Contractual

Services and in accordance with any policy laid down by the Authority. Disposal of the Authority's land (including buildings) shall be in accordance with the relevant Code of Practice on the Disposal of Land as approved by the Authority.

20. Writing off

- (a) Subject to their keeping records in a form approved by the Director of Finance and Contractual Services heads of departments may write-off losses of up to £500 in respect of any one item in respect of:
 - (i) the loss to the Authority when property belonging to the Authority has been lost, stolen, damaged or destroyed and the loss is not recoverable from insurance or other sources; or
 - (ii) the loss to the Authority on the disposal of damaged, obsolete or redundant stock at prices less than the book value at the time of disposal.
- (b) Heads of departments shall refer all other cases to the Director of Finance and Contractual Services who may require a report to be submitted to the Authority. The Director of Finance and Contractual Services may write-off losses without limit, and without report, provided no major question of principle is involved and that proper steps have been taken to mitigate the loss and prevent a recurrence of it.

21. Insurance

- (a) Heads of departments shall notify the Director of Finance and Contractual Services of all risks and assets (except those of a size or nature to be defined by the Director of Finance and Contractual Services as not meriting specific insurance cover) indicating their cost or value, and of any material changes in these risks or assets; and the Director of Finance and Contractual Services shall make arrangements for insurance cover as appropriate.
- (b) The head of department shall notify the Director of Finance and Contractual Services immediately after any event which may give rise to a claim on the insurance policy, and shall supply him/her as soon as possible with any estimates and other information required for the settlement of a claim, and in cases of marine and motor accidents such notice or estimate shall also be given to the Head of Legal and Democratic Services.

22. Treasury Management

- (a) The Authority has adopted the key recommendations of CIPFA's "Code of Treasury Management in the Public Services: Code of Practice", as described in Section 4 of that Code;
- (b) The Authority will maintain a Treasury Management policy statement, stating the policies and objectives of its Treasury Management activities;
- (c) The Authority will maintain suitable Treasury Management practices, setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities;
- (d) The Authority will receive as a minimum, an annual strategy and plan in advance of the financial year, and an annual report which shall be presented by 30 September of the succeeding financial year;
- (e) Quarterly reports on its Treasury Management practices and activities will be submitted for consideration by the Finance, Procurement and Property Committee, who may then advise the Authority accordingly as part of its progress report to the Authority;
- (f) The Authority delegates responsibility for the execution and administration of Treasury Management decisions to the Director of Finance and Contractual Services who will act in accordance with the Authority's policy statement and treasury management practices and CIPFA's "Standard of Professional Practice on Treasury Management";

[Authority: 22.06.06]

(g) Should the Director of Finance and Contractual Services wish to depart in any material respect from the main principles of the CIPFA Code of Practice, the reasons should be disclosed in advance of the meeting in a report to the Authority; and

[Authority: 12.6.03]

(h) In relation to *The Prudential Code for Capital Finance in Local Authorities*, the Authority delegates responsibility to the Director of Finance and Contractual Services, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities (both "authorised limits" and "operational boundary"), in accordance with option appraisal and best value for money for the Authority, and any such changes made are to be reported to the Finance, Procurement and Property Committee at its next meeting following the change.

[Authority: 22.06.06]