



## **Financial Regulations**

**June 2014**

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### **Preface**

The Tayside and Central Scotland Transport Partnership (Tactran) has appointed a Proper Officer and Treasurer, to be responsible to the Partnership for the proper administration of the Partnership's financial affairs. It is the duty of the Treasurer to determine the system of accounting control and the form of accounts and supporting records for Tactran, and to ensure that these accounts and records are kept up-to-date.

The following regulations provide a framework for the Treasurer's responsibilities. In particular they aim:

- to ensure compliance with the legal obligations placed upon Tactran in respect of financial administration;
- to ensure that Tactran accounting records are accurate and complete;
- to support Tactran efforts to maintain the highest standards of corporate governance;
- to protect Tactran against the risk of fraud and financial irregularity;
- to safeguard Tactran assets;
- to enable the provision of appropriate management information to the Tactran Partnership Director and Board;
- to support Tactran and its officers with budgeting and financial planning; and
- to promote best value in Tactran operations.

## Financial Regulations

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## 1. INTRODUCTION

- 1.1 Financial Regulations provide the framework for managing the Partnership's financial affairs and apply to every member of the Partnership Board and employee of the Partnership, or anyone acting on its behalf.
- 1.2 All members and employees have a general responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, properly authorised, and provides value for money.
- 1.3 It shall be the responsibility of the Partnership Director to ensure that members of his/her staff are aware of, and comply with the requirements contained in, the Partnership's Financial Regulations.
- 1.4 The Partnership Director and any other Tactran officer with an approved budget or with other appropriate approval, is authorised to incur expenditure subject to the terms of Tactran Scheme of Delegation and any other conditions imposed by Tactran.
- 1.5 The Treasurer is the financial adviser to Tactran and has the right to report to Tactran on any relevant financial matter.
- 1.6 Any material breach of these Regulations must be reported to the Treasurer, who will determine the appropriate course of action.
- 1.7 These Financial Regulations shall not be altered or suspended except by a decision of the Partnership following consideration of a report by the Treasurer relating to these matters.

## 2. FINANCIAL PLANNING

*The Partnership needs to plan effectively and develop systems to enable scarce resources to be allocated in accordance with carefully weighted priorities. The Partnership's Revenue Budget/Programme and Capital Programme are the financial expression of the Partnership's plans and policies.*

*Budget management ensures that once the budget has been approved by the Partnership, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling the Partnership to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.*

- 2.1 The detailed form and timetable to be followed in respect of the Revenue Budget shall be determined by the Treasurer, in consultation with the Partnership Director, and subject to any direction of the Partnership.
- 2.2 Estimates of income and expenditure on Revenue Accounts shall be prepared by the Treasurer in conjunction with the Partnership Director. These estimates shall be submitted to the Partnership, and when approved, shall constitute the Revenue Budget/Programme for the relevant financial year.
- 2.3 The responsibility for providing the services included in the Revenue Budget/Programme shall lie with the Partnership Director subject to any relevant decisions made by the Partnership.

### **3. BUDGETARY CONTROL**

- 3.1 The Partnership Director must make adequate arrangements to monitor Tactran income and expenditure.
- 3.2 The Treasurer will provide financial information systems which allow Tactran to monitor financial transactions against budget.
- 3.3 The Partnership Director must consult with the Treasurer where any matter arises that may affect the finances of Tactran, including any forecast failure to reach a financial performance target, or any material budgetary variance. This consultation must take place prior to entering into any financial commitment or making any report to the Partnership or its Committees in connection with the matter under consultation.
- 3.4 The Treasurer will report regularly to the Partnership on the current financial position, reporting any material budgetary variances, giving an opinion on the adequacy of the corrective action being taken and making other recommendations as appropriate.
- 3.5 The Treasurer will issue guidance to the Partnership Director on the proper arrangements for planning, authorising and controlling capital transactions.

### **4. BUDGETARY ADJUSTMENTS**

- 4.1. After approval of the annual budget by the Partnership, budgetary adjustments may be made only in response to a planned and authorised change in any Tactran activity. Guidance on changes which are considered to be material may be issued by the Treasurer.
- 4.2. Where a proposed budgetary adjustment has no overall effect on the planned net expenditure of Tactran (i.e. there is a transfer from one heading to another), the regulations on virement apply (see Section 5).
- 4.3. Budgetary adjustments must not be made where they have the purpose of concealing or otherwise removing unplanned budgetary variances, whether adverse or favourable.
- 4.4. Where a proposed budgetary adjustment involves an increase in the budgeted net expenditure of Tactran, the Treasurer must be consulted prior to entering into any commitment or issuing any report. No such adjustment will be made unless approved by the Partnership or its Executive Committee, and in accordance with the provisions of the Partnership's Scheme of Delegation.
- 4.5. In the case of a proposed budgetary adjustment that involves a decrease in the budgeted net expenditure of Tactran, the Treasurer must be consulted and he/she, in consultation with the Partnership Director, may make a recommendation to the Partnership regarding the use of any released funds.

## 5. VIREMENT

*The scheme of virement is intended to enable the Partnership, Partnership Director and Treasurer to manage budgets with a degree of flexibility within the overall policy framework determined by the Partnership, and therefore to optimise the use of resources. The term “virement” refers to the switching of budgetary provision from one budget detail head to another.*

- 5.1 The Partnership Director may, subject to the conditions in Clause 5.2., authorise virements between budget heads up to a maximum of £10,000 in consultation with the Treasurer. This Regulation applies in respect of any single virement or cumulatively to successive virements in respect of any one budget heading. Any proposed virement above £10,000 shall be notified to the Treasurer and submitted to the Partnership for approval.
- 5.2 The conditions referred to in this Regulation are as follows:-
- No variation of Tactran policy may be introduced by means of virement;
  - No virement shall result in a commitment of expenditure beyond the current financial year;
  - No virement shall adversely affect the financial position of other Tactran services or activities without the prior approval of the Partnership.
  - Virement cannot be used to reinstate an item deleted by the Partnership during Budget consideration/approval.

## 6. ACCOUNTING

- 6.1 The Partnership Director must ensure that all financial transactions are accounted for promptly, completely and accurately, using properly controlled financial systems and procedures.
- 6.2 In determining appropriate arrangements, the Partnership Director must adhere to such principles of internal control as may be determined by the Treasurer.
- 6.3 The Treasurer and Partnership Director will together determine the extent of the authorised access that each Tactran employee has to Tactran financial systems.
- 6.4 All accounting records and related documentation will be retained for the appropriate periods as specified by the Treasurer.
- 6.5 The Treasurer is responsible for the production of annual financial statements, in accordance with the relevant regulatory requirements. The Partnership Director must provide the Treasurer with all information necessary to enable this to be achieved.
- 6.6 The Partnership Director must make adequate arrangements to ensure that Value Added Tax (VAT) is accounted for promptly and correctly. The Treasurer will provide additional guidance as necessary on the correct treatment of VAT, and for the preparation and submission of whatever reports and submissions may be required.

## 7. FRAUD AND CORRUPTION

*The Partnership will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside the organisation. The Partnership's 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.*

- 7.1. Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, equipment or other property of the Partnership or any suspected irregularity in the exercise of its functions, the Partnership Director shall immediately notify the Treasurer who shall take such steps as may be considered necessary by way of investigation and report.
- 7.2. In order to assist in the prevention of fraud and corruption appropriate internal controls will be established in accordance with Financial Regulation 3
- 7.3. All members and employees will be expected to comply with the Partnership's Disclosure of Information (Whistleblowing) and Anti-fraud and Corruption Policies.

## 8. BANK ACCOUNTS

- 8.1 The Treasurer is authorised to open and operate bank accounts as necessary in the name of Tactran, and will maintain an up-to-date register of all accounts operated by Tactran. Bank accounts may be opened only with the approval of the Treasurer.
- 8.2 All bank accounts must be reconciled regularly, in accordance with standards determined by the Treasurer.
- 8.3 The operation of credit card facilities or similar payment methods by Tactran requires the prior approval of the Treasurer, who will issue additional guidance on the procedures to be followed.
- 8.4 The Treasurer will maintain a register of authorised signatories for each bank account. Withdrawals may only be made by the Treasurer or by such other employees as he/she and the Partnership Director may approve
- 8.5 All cheques will be signed by the Treasurer and/or the Partnership Director in accordance with the specified limits below. Cheques may not be altered in any way, other than on the instructions of the Treasurer.

<b>Signing Limit</b>	<b>Signatories</b>
Less than £10,000	Either Partnership Director or Treasurer
Between £10,000 & £30,000	Treasurer
Over £30,000	Both Partnership Director & Treasurer

- 8.6 Arrangements for electronic funds transfer shall be authorised by the Treasurer or other officer designated by him/her.
- 8.7 Only the Treasurer may authorise an overdraft, the amount of which must be restricted to the minimum necessary.

## **9. INCOME AND RECEIPT OF GRANTS**

- 9.1. The Partnership Director and Treasurer will be responsible for the prompt and accurate submission of all grant claims on behalf of Tactran. The Treasurer may issue guidance on the procedures for the application for, and the receipt of, grants.
- 9.2. The Treasurer will specify the accounting procedures and form of records relating to Tactran income, whether in cash, cheques or in other form, and whether from grants or other sources.
- 9.3. The Treasurer will specify the arrangements made for the issue of receipts. An approved receipt must be issued for each sum of money paid to Tactran except with the prior agreement of the Treasurer. Receipts must be numbered in sequence, and must be retained for inspection in the manner required by the Treasurer.
- 9.4. All income must be paid intact into the appropriate Tactran bank account.
- 9.5. Under no circumstances will Tactran income be used to cash personal cheques, or for any purpose other than the proper course of Tactran business.
- 9.6. The Partnership Director will be responsible for the prompt and accurate raising of invoices, including the correct treatment of VAT.
- 9.7. Any postal remittances will be received in accordance with arrangements approved by the Treasurer, which may include guidance on arrangements for opening mail, accounting for and banking income.

## **10. PETTY CASH**

- 10.1. Petty Cash may be used for making small payments. The Treasurer may specify upper limits to the size of the Petty Cash float and individual Petty Cash payments, or to the type of payments that can be made in this way.
- 10.2. The Petty Cash account will be the responsibility of the Partnership Director, who will regularly review the use made of Petty Cash and will inform the Treasurer of any amendments that may be required.
- 10.3. Petty Cash transactions will be recorded in a form approved by the Treasurer. All Petty Cash expenditure will be supported by receipted vouchers.
- 10.4. Petty Cash will be kept in a credit balance at all times.
- 10.5. No Tactran income will be paid into a Petty Cash account or used for Petty Cash expenditure, without the approval of the Treasurer.
- 10.6. Petty Cash accounts will not be used for cashing personal cheques. No money will be removed from, or paid into a cash float, other than in the proper course of Tactran business.
- 10.7. The Treasurer may issue additional guidance on procedures relating to the operation of Petty Cash accounts.



## **11. EXPENDITURE ON SUPPLIES, SERVICES AND WORKS**

- 11.1. The powers of the Partnership Director and other officers to place orders for supplies, services and works are set out in the Tactran Scheme of Delegation.
- 11.2. All orders must properly relate to Tactran activities and resources must be available from within the approved budget.
- 11.3. Supplies, services and works must be ordered in accordance with Tactran policy on procurement set out in Section 21 of these regulations.
- 11.4. Orders must be in a form approved by the Treasurer. An approved order form must be used in all cases, except:
  - where regular payments are made (as in the case of rates or utilities), in the case of the second and subsequent supply;
  - where payment is made from Petty Cash;
  - where contracts are awarded on the basis of formal contract documents.
- 11.5. Orders must be given to the supplier in writing in advance, except where the specific approval of the Treasurer has been obtained.
- 11.6. The Treasurer will specify what records must be kept in respect of purchasing or credit card transactions. Purchases must in all cases be charged to an appropriate budget heading.
- 11.7. The Partnership Director may not enter into any lease agreement without the approval of the Treasurer and the Legal Adviser, who may issue additional guidance on this subject.

## **12. RECEIPT OF SUPPLIES, SERVICES AND WORKS**

- 12.1. The Partnership Director will put in place arrangements to ensure that supplies, services and works ordered are received and are as ordered in terms of specification, quality, quantity and the time and place of delivery. The receipt of goods, services and works will be recorded, in a manner acceptable to the Treasurer. The duty of receiving supplies will, wherever possible, be separate from the duty of placing orders. Exceptions to this arrangement will require the approval of the Treasurer.

### **13. PAYMENTS**

- 13.1. The Partnership Director will put in place arrangements to ensure that invoices are correct and are authorised for payment. Payments should only be authorised where:
- the payment relates to a properly authorised purchase by Tactran;
  - the relevant goods, services or works have been received by Tactran (subject to Clause 13.3 below);
  - the invoice is arithmetically correct, including any calculations relating to discounts, VAT, etc;
  - the payment value is in accordance with the authorised order or contract.
- 13.2. Invoices authorised for payment shall be passed to the Treasurer or other officer designated by him/her who will process approved payments, subject to any further enquiries considered necessary.
- 13.3. Payments may be made in advance only at the discretion of the Treasurer. The Treasurer may issue additional guidance on types of payment that may be made in this way.

### **14. PAYROLL**

- 14.1. The Treasurer will be responsible for the prompt and accurate processing of salaries, wages, expenses and related payments to employees and former employees of Tactran, Members and outside organisations. The Treasurer will also be responsible for the processing of statutory and any other deductions from pay, additional payments or allowances.
- 14.2. The Partnership Director will provide the Treasurer with sufficient information regarding employees and members to enable the correct payments, deductions, additional payments and allowances to be applied.
- 14.3. The submission of payroll input for additional payments/deductions and other allowances will be in accordance with an agreed Service Level Agreement.

## **15. TREASURY MANAGEMENT**

- 15.1. The Treasurer will be responsible for all decisions relating to the management of Tactran funds and for the execution and administration of Treasury Management decisions.
- 15.2. The Treasurer will maintain records of all borrowings and investments, and will have custody of all documentation relating to stocks, bonds and mortgages. All investments of money will be in the name of Tactran.

## **16. INSURANCE AND RISK MANAGEMENT**

- 16.1. The Treasurer will assess the risks faced by Tactran and will maintain a Risk Register which shall be compiled in consultation with the Partnership Director and shall record an assessment of the importance and likelihood of each eventuality and the most appropriate course of action in each case.
- 16.2. The Partnership Director and other Tactran professional officers will promptly inform the Treasurer of any new risks within their area of responsibility that may come to light.
- 16.3. The Treasurer may issue detailed guidance giving advice on measures to reduce or eliminate any risks that may be identified.
- 16.4. The Treasurer will be responsible for arranging appropriate insurance cover for Tactran. The Treasurer will report to the Partnership as required, setting out the insurance arrangements in place.
- 16.5. The Treasurer will negotiate all insurance claims. No admission of liability will be made by any Tactran employee in connection with any claim. In each case, the Partnership Director will provide the Treasurer with a full report on the circumstances surrounding the claim in accordance with whatever arrangements the Treasurer may prescribe.

## **17. SECURITY**

- 17.1. The Partnership Director will be responsible for the safe custody of buildings, stores, equipment, cash, financial stationery, records and any other asset under their control.
- 17.2. The Treasurer will be responsible for the security of cheque stationery, stock certificates, bonds and other related financial documents in their custody.

## **18. PHYSICAL ASSETS**

- 18.1. The Treasurer will maintain a register of all land, buildings and infrastructure owned by Tactran.
- 18.2. The Legal Adviser will be responsible for the custody of all Title Deeds.

## **19. STOCKS AND INVENTORIES**

- 19.1. The Treasurer may issue guidance as to the nature of items to be included in inventories and stock records and the data to be recorded.
- 19.2. The Partnership Director will be responsible for stocks of materials and supplies which will be maintained at an efficient level.
- 19.3. No stock can be written-off without the prior approval of the Partnership. The Partnership Director may dispose of surplus or unused assets or items of stock in accordance with guidance to be issued by the Treasurer.
- 19.4. Partnership property may not be removed from Tactran premises or used other than for the proper purposes of Tactran business.

## **20. FEES, GIFTS AND HOSPITALITY**

- 20.1. These regulations should be read in conjunction with the Code of Conduct for Tactran Employees and the Code of Conduct for Members.
- 20.2. The Partnership Director will put in place proper arrangements to ensure that no decision taken is improperly influenced by any benefit received by a person representing Tactran from any outside individual or body. These arrangements will be subject to the approval of the Treasurer.
- 20.3. No person will be permitted to receive or retain any fee or other payment from any outside individual or body, received as a consequence of his/her position within Tactran, without the approval of the Partnership Director or, in the case of the Partnership Director, the Chairperson.
- 20.4. No member or officer will solicit a gift or other benefit from any outside individual or body, in connection with any part of their duties to Tactran.
- 20.5. No member or officer will accept a gift or other benefit in any case where this might influence their judgement, or might reasonably be perceived to have an influence on their judgement. Subject to this, a gift may only be accepted where the approval of the Partnership Director or, in the case of the Partnership Director, the Chairperson has been received.
- 20.6. All such approvals will be recorded in a manner approved by the Partnership Director. Small gifts, such as pens, calendars and other items of low value up to £50, need not be declared.
- 20.7. Tactran officers may accept reasonable hospitality in connection with their duties, but hospitality of an extravagant nature must not be accepted.

## 21. PROCUREMENT

- 21.1. The regulations relating to procurement shall apply to purchases by Tactran of supplies, services and works but not to:
- contracts of employment;
  - contracts for the acquisition or disposal of land or any interest therein;
  - work done by a constituent Council of Tactran on behalf of Tactran;
  - any procurement where Tactran has determined that other procedures shall apply.
- 21.2. Guidance notes supplementing these regulations may be issued from time to time by the Legal Adviser.
- 21.3. Prior to inviting tenders and entering into contracts there must exist authority from the Partnership, either directly or under delegated powers, and an approved budget to do so. In the event of an emergency or unforeseen circumstances the Partnership Director may procure services, supplies or works but such action must be undertaken in consultation with the Treasurer and reported to the Partnership as soon as reasonably practicable, with an explanation of the reasons for such emergency or unforeseen circumstances.
- 21.4. In situations where services, supplies or works are to be procured, a competitive tendering process should normally be followed. In the case of small contracts, as defined in Clause 21.5 below, less rigorous procedures may be followed but only where the Partnership Director is satisfied that in the circumstances it is appropriate to depart from the normal competitive process.
- 21.5. Where the costs of the services, supplies or works do not exceed £5,000 tenders need not be invited, but the Partnership Director must be in a position to provide documentary evidence that that the contract awarded represents best value for the Partnership.
- 21.6. Where the costs of the services, supplies or works exceed £5,000, (whether or not the value reaches the EU threshold) a tendering process must take place, other than in exceptional situations where:
- the Partnership Director, having made reasonable enquiries, is satisfied that there is no market;
  - the services, supplies or works sought are being obtained through a process which has already been subject to appropriate competition;
  - circumstances exist which justify the use of the negotiated procedure in terms of the EU Procurement Rules;
  - the estimated costs are below the EU thresholds and a review has been carried out which has determined that best value can be obtained in other ways than by tendering;
  - a product is required to be compatible with an existing installation.
- Appropriate records shall be kept of all circumstances where competitive tendering has not been used in terms of the dispensations set out above.
- 21.7. All invitations to tender and subsequent contracts shall contain standard contract clauses.

- 21.8. On receipt, tenders will be recorded in a register, given a number and locked in a secure place. Thereafter they shall be lodged with and remain in the custody of the Secretary until the time appointed for opening. The Secretary shall ensure that there are appropriate arrangements to ensure the integrity of the process, which may include outsourcing arrangements for procurement to a constituent Council of Tactran.
- 21.9. No tender shall be accepted which is late. All rejected tenders shall be returned to the prospective tenderers as soon as possible.
- 21.10. Tenders shall be opened by the Secretary or by an officer nominated by the Secretary who shall be someone other than the officer responsible for issuing the tender documentation, in the presence of another Proper Officer. Each opened tender must be signed by both persons present at the opening.
- 21.11. A list shall be drawn up containing the names of the tenderers, tender amounts, where appropriate and the date and time the tenders were opened. The list shall be signed by the two persons present at the opening.
- 21.12. Tenders shall be evaluated in accordance with criteria for evaluation which will have been set out in the documentation inviting the tenders. Evaluation may include direct contact with tenderers, for which separate guidance may be issued by the Legal Adviser.
- 21.13. The Partnership Director shall submit to the Partnership or Executive Committee a report, in an appropriate format, seeking approval to the award of any contract in respect of which a tendering process has taken place.
- 21.14. Subject to any statutory provisions, where after scrutiny, the Partnership Director does not wish to recommend acceptance of any of the tenders he/she shall report and record their reasons for not wishing to do so.
- 21.15. No contract shall begin until there is an exchange of clear written documentation between Tactran and the successful tenderer.
- 21.16. For each contract the Partnership will appoint a Contract Compliance Officer who will be responsible for the conduct and progress of the contract.
- 21.17. The principal contract documentation shall be kept in a safe and secure location for an appropriate period after the completion of the contract.