



FINANCIAL REGULATIONS

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FINANCIAL REGULATIONS

Introduction

1. These Regulations are made in pursuance and for the purposes of Section 151 of the Local Government Act 1972, as augmented by the Local Government Finance Act 1988, the Accounts and Audit Regulations 2015 and other relevant legislation and regulations. They are made further to the Joint Agreement between the Member Authorities of West Mercia Energy (WME) for the efficient and proper operation of the Joint Committee.
2. The statutory duties associated with, inter alia, s.151 of the Local Government Act 1972, the Local Government Finance Act 1988 and the Accounts and Audit Regulations Act 2015 remain with each Member Authority. The Treasurer for the time being appointed to the WME Joint Committee shall liaise with the section 151 Officers of the Member Authorities to enable those officers to comply with their responsibilities. The Treasurer shall be responsible for ensuring the sound administration of the financial affairs of the Joint Committee.
3. The Director shall be responsible for the operation of the financial procedures within WME; shall ensure that adequate operational controls are in place; and shall ensure that staff employed on behalf of WME are aware of and comply with Financial Regulations.
4. The Director shall issue a standard set of financial procedures, which have been approved by the Treasurer, to assist staff in carrying out their responsibilities. The financial procedures will be reviewed and updated on a regular basis. Any departure from standard financial procedures must be clearly documented.
5. Financial procedures will make provision for:
 - a) the form and content of any document dealing with financial matters;
 - b) the disclosure of information to the Treasurer;
 - c) accountancy and financial procedures to be used in relation to particular financial activities;
6. References in these Regulations to the Director shall be deemed to include a reference to any other officer of WME authorised or nominated by the Director, in writing, to undertake any of the functions of the Director.

Best Value

7. The Director shall ensure that best value is pursued in the delivery of all services and shall continuously seek improvement in the quality, efficiency and effectiveness of services.

Administration

8. The Treasurer, as the Joint Committee's financial adviser, shall give information and advice as appropriate, with respect to the Joint Committee's finances, the financial implications of future policies, plans and programmes, financial performance and the financial aspects of their activities. The Director shall consult the Treasurer in respect of any such matter before submitting any report to the Joint Committee. Similarly, the Treasurer will consult the Director before submitting a report to the Joint Committee.
9. The Treasurer shall participate in all financial negotiations with Government departments, local or public authorities, except to the extent that the Treasurer indicates otherwise. For clarity, the Treasurer would not expect to participate in negotiations in respect of trading or purchasing activity agreed as part of the Business Plan.
10. The Treasurer may require to be involved in any matter which appears to the Treasurer to involve questions relating to the proper administration of the Joint Committee's financial affairs.

Accounting Systems / Accounting Records

11. All accounting systems, procedures and supporting accounting records shall be in a form approved by the Treasurer.
12. The written approval of the Treasurer shall be required before the implementation of any new systems or procedures for the maintenance of financial records or records of assets and liabilities; or any changes to such systems.
13. The Director shall ensure that accounting systems and procedures approved by the Treasurer are observed.
14. Financial records and records of assets and liabilities shall be retained by the Director for such period as the Treasurer may prescribe and defined within a retention policy.
15. The Director shall ensure that adequate records for the calculation and evidencing of VAT are held in line with HMRC requirements.

Internal Audit

16. The Accounts and Audit Regulations 2015 require every relevant authority to undertake an effective internal audit to evaluate the effectiveness of its risk management control and governance processes taking into account public sector internal auditing standards and guidance. The Joint Committee's responsibilities under Regulation 6 of The Accounts and Audit Regulations 2015, are delegated to the Treasurer. The Treasurer shall maintain an adequate and effective system of internal audit, and

such persons nominated by the Treasurer to carry out any audit shall have authority for such purpose:

- a) to access at reasonable times any land, building, vehicle or plant owned on behalf of or used by WME;
 - b) to have access at all reasonable times to all premises or land, assets, records, documents, correspondences and control systems except for those from which they are statutorily prevented;
 - c) to possess or to take copies of any record, document or correspondence;
 - d) to require any information and explanation considered necessary concerning any matter under discussion from any elected member of the Joint Committee or member of staff employed on behalf of WME;
 - e) to require any employee of WME to account for cash or any other WME property under his/her control and produce for inspection if required;
 - f) to access records belonging to third parties, such as contractors, when required; and
 - g) to have direct reporting access to the Joint Committee, as the Chief Internal Auditor deems appropriate.
17. The Director, or any other member of staff or member of the Joint Committee, shall immediately inform the Chief Internal Auditor of any loss or financial irregularity or suspected irregularity, or of any circumstances which may suggest the possibility of such loss or irregularity, including any affecting cash, stores or other property of WME. The Treasurer, having been consulted by the Chief Internal Auditor, shall then determine the action to be taken.

Budget Responsibilities

18. In accordance with the Joint Agreement, the Joint Committee shall approve an Annual Business Plan and an Annual Budget. The Annual Business Plan and the Annual Budget shall be recommended to the Joint Committee by the Chief Executives of the Member Authorities.
19. The Annual Budget shall be prepared by the Director, in consultation with the Treasurer.
20. The Director shall be responsible for managing budgets identified in accordance with Financial Regulations 18 and 19 above and shall be accountable to the Joint Committee for the allocated resources.
21. The Director may delegate budgets to staff within WME. Such delegations shall be detailed within the WME Scheme of Delegation. Delegation of budgets may only be made in a manner which reflects the delegation of

management and decision making responsibilities. Notwithstanding, the Director will remain accountable for the entire budget delegated to him.

22. The Director shall make arrangements to monitor and manage budgets for which he is accountable. The Treasurer shall monitor the arrangements made by the Director for implementing budgetary control and shall ensure that there are sound systems of budgetary control.
23. The Director must report regularly to the Treasurer and the Joint Committee on the financial performance of WME against the annual budget. This report will include any necessary significant variances from budget.

Budget Preparation

24. The Annual Budget shall be prepared in accordance with a timetable and format determined by the Treasurer.

Procurement of Works, Goods, Materials and Services.

25. The procurement of works, goods, materials and services shall be made in accordance with the WME Standing Orders.
26. The Director shall not have authority to enter on behalf of the Joint Committee any contract involving a finance or operating lease or a hire purchase arrangement without the approval of the Treasurer.
27. An official order form, approved by the Treasurer, shall be used when entering any contract (as defined by Standing Orders), except where the nature of the transaction makes it inappropriate to do so. The Director shall maintain lists of officers approved to authorise orders, specifying any limits on the level or scope of the approval.

Payment for Works, Goods, Materials and Services.

28. The Director shall make arrangements for the examination, verification and certification of invoices and other vouchers for payment. The Director shall maintain a list of the names of officers permitted to authorise such documents.
29. The Director shall maintain a list of all officers authorised to make payments from the bank account.
30. The Director will ensure that the Lead Authority's fiduciary insurance covers all officers authorised to make payments on behalf of WME

Payments to Employees and Former Employees

31. Payment to all employees and former employees of all salaries, wages, pensions, allowances, gratuities, emoluments, and any sums payable upon the termination of employment, including any redundancy payment, shall be effected through arrangements determined by the Treasurer.
32. The Director shall notify the Treasurer (in the form and to the timetable prescribed) of all appointments, terminations of employment, absences and any other changes or variations which may affect the pay or pension of present and past employees.

Income

33. The Director shall control the arrangements for the proper recording of all sums due to WME and for the prompt and proper accounting for all cash, including its collection, custody, control and deposit.
34. All official receipt forms, receipt books, tickets and other documents of a similar nature shall be ordered, controlled and issued by the Director.
35. No amount due to WME, once established, shall be discharged otherwise than by payment in full, or by writing off the whole amount due, or an unpaid portion thereof. No amount due shall be written off except with the approval of the Treasurer after consultation with the Director or in line with the WME Scheme of Delegation. Any such approval shall be shown in the accounting records of the Joint Committee.
36. The Director shall maintain a register of all debts written off in pursuance of this Regulation which will be available for inspection by Members and appropriate officers of the Joint Committee.
37. Where any amount recoverable in any court is due to the Joint Committee and remains unpaid after payment has been formally demanded in writing the Director may instruct the Secretary to institute proceedings without further reference to the Joint Committee unless the Director, the Treasurer or the Secretary wishes the matter to be referred to the Joint Committee.

Banking

38. Banking arrangements shall be made by the Treasurer and all accounts will be held in the name of WME. No other bank, building society or similar accounts may be operated without the express authority the Treasurer. A list of all officers authorised to make payments from the bank account will be maintained as per clause 29.

Borrowings, Other Capital Financing and Investments

39. The Joint Committee shall not effect any borrowings. Any borrowing effected on behalf of WME shall be in the name of one or more Member Authority and by arrangements determined by the Treasurer.
40. All executive decisions and determinations on borrowings, investments or financing shall be taken in accordance with the policies of the member authority effecting the borrowing.
41. All money within the jurisdiction of the Joint Committee shall be aggregated, and may be aggregated with those under the jurisdiction of the Lead Authority for the purposes of treasury management and be under the control of the Chief Finance Officer of the Lead Authority, except as procedures issued under these Regulations may from time to time provide.

Assets

42. The Director shall be responsible for the security of all assets under the control of WME.
43. Assets include land, property, money, stocks, stores, furniture, equipment and electronic data.
44. Records of these assets, including their disposal (which shall be dealt with in accordance with the lead authorities standing orders), shall be maintained in an electronic fixed asset register.

Risk Management

45. All organisations, whether they are in the private or public sectors, face risks to people, property and continued operations. Risk is defined as the chance or possibility of loss, damage or injury caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk.
46. Insurance has been the traditional means of risk transfer and protecting against loss, but this cannot be seen as the complete answer. By reducing or even preventing the incidence of losses (whether they result from crime or accident), WME will benefit from reduced costs of providing insurance cover and will also avoid the disruption and wasted time caused by losses and insurance claims.
47. It is the overall responsibility of the Joint Committee to approve the WME Risk Management Strategy, and to promote a culture of risk management awareness throughout the WME. Monitoring of, and reporting on, the effectiveness of the strategy is an essential part of the process.
48. The Director will ensure:



- The development, monitoring and review of the Risk Management Strategy and risk register
 - Identification, analysis and monitoring of principal risks
 - Ensure regular updating and monitoring of the risk register
 - Ensure that senior managers at WME analyse risks and produce appropriate information for inclusion in the risk register and risk action plans specific to their sectors; whilst making the necessary connections to issues that have an organisation wide effect.
49. It is the responsibility of the Director to ensure that the Joint Committee:
- Reviews the Risk Management Strategy on an annual basis.
 - Reviews the full risk register on an annual basis.
 - Receives details of all medium and high risks at each meeting and to consider mitigation process in place.

Insurance

50. The Treasurer shall effect, or authorise the effect of, all insurance cover, maintain a register of such insurance and, except to the extent that the Treasurer deems otherwise, in writing, submit, negotiate and settle all claims made by or against WME in pursuance of such cover.
51. The Director shall promptly notify the Treasurer of the extent and nature of all new insurable risks or assets and any alterations affecting existing insurable risks or assets.
52. Except to the extent that the Treasurer indicates otherwise, the Director shall inform the Treasurer as soon as practicable of any fire, explosion, flood, accident, loss, or other occurrence affecting the property of WME or property held by WME and shall, if required, arrange for an estimated cost of making good the damage caused thereby.
53. Except to the extent that the Treasurer indicates otherwise, the Director shall inform the Treasurer of any occurrence involving:
- a) death of, or injury to, any employee of WME, any Councillor, or any contractor or sub-contractor of WME, whilst on WME business;
 - b) the death of, or injury to, any person where such death or injury occurred on any property owned or used by WME, or was occasioned by the conducting of WME's undertaking;
 - c) any loss, liability, damage or event likely to lead to a claim against WME:

and shall complete any necessary documentation as required by the Treasurer.

Preparation of Statutory Financial Statements

54. The Treasurer shall make the necessary arrangements to facilitate the prompt preparation and completion of the final accounts of the Joint Committee at the end of each financial year. The Director will assist the Treasurer by ensuring compliance with those arrangements.

Energy Governance, Accountability, Risk and Reporting Policy (EGARRP)

55. WME's principal energy procurement policies are contained in the EGARRP document. The EGARRP document consists of the main document and certain appendices which contain operational or factual information that may require regular updating. ~~Items which may require regular updating appear as appendices.~~ Changes to the main body of the EGARRP document and policies contained therein will require authorisation from the Joint Committee following any recommendations made by the Flexible Energy Advisory Panel. The Director may update or amend the content of the appendices ~~The appendices may be updated or amended to reflect changing circumstances as agreed by~~ following consultation with the Flexible Energy Advisory Panel.
56. The EGARRP policy will be kept under review by WME and amendments made as circumstances dictate and in accordance with paragraph 55 above. Such circumstances include but are not limited to: material changes or shocks in the market, material changes in corporate conditions or the macro-economy, organisational or resources changes, where exceptions or modifications are recommended~~sought~~ by the Flexible Energy Advisory Panel, where a significant relaxation has been made on an emergency basis, or where any provision within this policy and its associated documentation proves to be unworkable in practice.
57. Responsibility for ensuring that these policies are observed lies with the Joint Committee as advised by the Flexible Energy Advisory Panel.

General

58. In the absence of any specific guidance, the financial rules of the Lead Authority will be adopted in the short term for any matter which is not specifically covered within this document.

Glossary of Terms

Annual Business Plan	the comprehensive statement of the business aims and proposed actions of the Joint Committee for the ensuing financial year
Annual Budget	the financial trading performance budgeted of the Joint Committee for the ensuing financial year
Chief Executive	shall mean the Head of Paid Service of each Member Authority or such other officer as each Member Authority determine
Chief Internal Auditor	shall mean the officer who oversees the internal audit function of the Lead Authority
Director	shall mean the officer with delegated authority for the day to day running of WME
Flexible Energy Advisory Panel	the panel that acts as an advisory panel to the Joint Committee and Director of WME.
Joint Agreement	means the agreement between the Member Authorities establishing the Joint Committee for West Mercia Energy and setting out the Joint Committee's governance arrangements
Joint Committee	shall mean the Joint Committee established by the Member Authorities pursuant to the Joint Agreement
Lead Authority	shall mean Shropshire Council or such other replacement Member Authority as may be appointed under the Joint Agreement
Member Authority	shall mean a local authority member of the Joint Committee.
Risk Management Strategy	shall mean the document which defines the risk management arrangements of the Joint Committee
Secretary	means the officer of the Lead Authority responsible for the provision of committee services and legal advice to the Joint Committee in accordance with the Joint Agreement
Scheme of Delegation	shall mean a written record of any delegations made by the Joint Committee or any permitted onward delegations
Standing Orders	shall mean the document providing for the regulation of the procurement and letting of contracts by WME
Treasurer	Means the officer of the Lead Authority responsible for the provision of advice on financial matters to the

	Joint Committee in accordance with the Joint Agreement
West Mercia Energy or "WME"	shall mean West Mercia Energy business operated under the authority of the Joint Committee.