

## **CHAPTER 5: Financial Regulations**

### **1 General**

- 1.1 These financial regulations shall govern the conduct of the financial transactions of the Authority and may only be amended or varied by resolution of the Authority.
- 1.2 The Responsible Financial Officer (RFO) shall be the Chief Fishery Officer who shall be responsible for the proper administration of the Authority's financial affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.

### **2 Annual Estimates**

- 2.1 Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the RFO. Proposals in respect of revenue services and capital projects in a rolling three year forecast shall also be prepared each year by the RFO.
- 2.2 The Authority, not later than the end of January in each year, will vote on the precept to be levied for the ensuing financial year.
- 2.3 All expenses incurred by the Authority within the agreed budgets are to be met by the relevant Councils.
- 2.4 The Chief Fishery Officer will request payment of levies from the relevant Councils, no later than the end of January.
- 2.5 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

### **3 Budgetary Control**

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in the budget.
- 3.2 The RFO shall when requested provide the Authority with a statement of income and expenditure to date under each head of the approved annual revenue and capital budgets.
- 3.3 The RFO may incur expenditure on behalf of the Authority which is necessary to carry out any repair, replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure. The RFO shall report the action to the Authority as soon as practicable thereafter.
- 3.4 Any revenue budget remaining at the year end shall be transferred to one of the Authorities' reserves on authorisation by the Authority
- 3.5 Notwithstanding 3.4 above, the RFO shall be responsible for identifying and establishing specific earmarked reserves where appropriate.
- 3.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the RFO is satisfied that it is contained in the rolling capital programme and that the necessary capital funds are available.
- 3.7 Any expenditure not in the rolling capital programme shall be approved only after consultation with the Chairman or Vice Chairman.
- 3.8 All capital works shall be administered in accordance with Authority's procedures and financial regulations relating to contracts.

### **4 Accounts and Audit Commission**

- 4.1 All accounting procedures and financial records of the Authority shall be determined by the RFO as required by the Accounts and Audit Regulations 1996 and the Accounts and Audit (England) Regulations 2011.
- 4.2 The RFO shall be responsible for completing the annual accounts of the Authority as soon as practicable after the end of the financial year and shall submit them to and report thereon to the Authority at the May meeting of each year
- 4.3 The RFO shall be responsible for maintaining an adequate and effective system of internal audit of the Authority's accounting, financial and other operations in accordance with the Accounts and Audit Regulations 1996.
  - 4.3.1 As part of the effective system of internal audit the Authority shall appoint a suitable person who is removed from the decision making process of the Authority who shall be responsible for undertaking an internal audit two times a year.
  - 4.3.2 Any officer or member of the Authority shall, if the RFO requires, make available such documents of the Authority which relate to their accounting and other records as appear to the RFO to be necessary for the purpose of the audit and shall supply the RFO with such information and explanation as the RFO considers necessary for that purpose.

## **5 Banking Arrangements and Cheques**

- 5.1 The Authority's banking arrangements shall be made by the RFO and approved by the Authority. A Current Account shall be maintained at the bank, to cover day to day expenditure. Levies will be held by KCC on account to cover the payroll and transfers made to the current account when required. Interest will be calculated on an annual basis using the LIBOR rate. In addition, the Authority will approve the Treasury Strategy at the May meeting. This will give the RFO authorisation to operate such bank accounts he/she may consider necessary in order to optimise income from interest bearing accounts.
- 5.2 BACS, Cheques, Direct Debits and Standing Orders drawn on the Current Bank Account shall be signed by two duly authorised signatories in accordance with current bank mandates resolved by the Authority.

## **6 Payment of Accounts**

- 6.1 All payments other than petty cash transactions shall be effected by means of electronic transfer or cheque.
- 6.2 All invoices for payment shall be examined, verified and certified by the officer issuing the order. Before certifying an invoice, the officer shall satisfy him/herself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.3 Duly certified invoices shall be passed to the RFO who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head. The RFO shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.

## **6 Petty Cash**

- 6.1 No more than £50 in petty cash will be kept on the premises at any one time and will be kept in a secure place.
- 6.2 Petty cash will only be used as a method of procurement as a last resort and then only for low value expenditure.
- 6.3 Receipts: All claims from petty cash should be made on an official voucher form and supported by proof of expenditure such as a receipt.

## **8.1 Payment of Salaries and Wages**

- 8.1 The payment of salaries and wages shall be made by KCC in accordance with the payroll records.

## **9 Investments**

- 9.1 All investments under the control of the Authority shall be negotiated by the RFO in the name of the Authority.
- 9.2 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## **10 Income**

- 10.1 The collection of all sums due to the Authority for work done, services rendered or goods supplied shall be the responsibility of, and under the supervision, of the RFO.
- 10.2 The RFO will review all fees and charges as necessary.
- 10.3 Any bad debts shall be reported to the Authority.
- 10.4 All sums received on behalf of the Authority shall either be paid to the RFO for banking or be banked by the officer collecting the money as directed by the RFO. In all cases all receipts shall be deposited with the Authority's bankers as soon as possible.
- 10.5 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying in slip.
- 10.6 Personal cheques shall not be cashed out of money held on behalf of the Authority.

## **11 Orders for Work, Goods and Services**

- 11.1 An official order or letter shall be issued for all work, goods and services over £50 unless a formal contract is to be prepared or an official order would be inappropriate e.g. petty cash purposes. Copies of orders issued shall be maintained.
- 11.2 Order books shall be controlled by the RFO.
- 11.3 All officers are responsible for obtaining value for money at all times. An officer issuing an official order is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction.
- 11.4 All officers are required to comply with the requisite authorisation to undertake a transaction as specified in Scheme of Delegation – Appendix 2.

## **12 Contracts**

- 12.1 Procedures as to contracts are as follows:

(a) Every contract made by the Authority shall comply with these procedures, and no exception from any of the following provisions of these procedures shall be made otherwise than by direction of the Authority provided that these procedures shall not apply to contracts which relate to items (i) to (v) below:

- (i) for the supply, of gas, electricity, water, sewerage and telephone services
- (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.
- (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant.
- (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Authority.
- (v) for goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at fixed price, or for which there is only one source of supply.

- (b) Where it is intended to enter into a contract, other than specified in (c) below:
  - (i) exceeding £5,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out on paragraph (a) the RFO shall invite quotations from at least three appropriate firms.
  - (ii) if less than three quotations are received or if all three quotations are identical the RFO may make such arrangements as he thinks fit for procuring the goods or materials or executing the works.
- (c) Where it is intended to enter into a contract for major capital expenditure relating to e.g. new vessels and or their replacement, buildings etc. the RFO shall invite tenders from at least three appropriate firms by using KCC's procurement service
- (d) When applications are made to waive procedures relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the Authority.
- (e) Such invitation to tender shall state the general nature of the intended contract and the RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases.
- (f) If less than three tenders are received or if all three tenders are identical the Authority may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (g) The Authority shall not be obliged to accept the lowest of any tender. Justification of the chosen tender must be given in writing to the Authority.

### **13 Payments Under Contracts for Building or Other Construction Works**

- 13.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract.
- 13.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the Authority
- 13.3 Any variation to a contract or addition to or omission from a contract must be approved by the RFO in writing, the Authority being informed where the final cost is likely to exceed the financial provision.

### **14 Assets**

- 14.1 The RFO shall make appropriate arrangement for the custody of all title deeds or assets owned by the Authority. The RFO shall ensure records are maintained of all assets owned by the Authority, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Regulation No.4(3)(b) of the Account and Audit Regulations 1996.
- 14.2 No asset exceeding the £50,000 shall be sold, leased or otherwise disposed of without the authority of the Authority.

### **15 Insurance**

- 15.1 The RFO shall effect all insurances and negotiate all claims on the Authority's insurers.
- 15.2 The RFO shall be responsible for insuring all new risks, properties, vessels or vehicles and any alterations affecting existing insurances.

- 15.3 The RFO shall keep a record of all insurances effected by the Authority and the property and risks covered thereby and annually review it.
- 15.4 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.
- 15.5 All members and employees of the Authority shall be included in suitable fidelity guarantee, professional indemnity, and Directors and Officers insurances.

**16 Revisions of Financial Regulations**

- 16.1 It shall be the duty of the RFO to review the financial regulations as required and to report to the Authority accordingly.