

Strategy and Regulation Updates
Report by Chief Financial Officer

Summary: This report provides a revised Procurement Strategy, Counter Fraud, Corruption and Bribery Strategy and Financial Regulations for consideration by the committee.

Recommendation: That the strategies and regulations be adopted.

1. Introduction

1.1. The Authority has a number of strategies that require review during 2017/18. Details of these are provided below for the committee's consideration. All of these documents are within Finance Scrutiny and Audit's powers detailed within the Terms of Reference of Committees (Section 4 paragraph 4).

2. Procurement Strategy

2.1. The Procurement Strategy was last considered by this committee in September 2014 and is subject to a review as a maximum of every three years.

2.2. A review has been undertaken of best practice guidance and which has resulted in a few minor changes in relation to job titles. The EU Directive on Public Contracts has been amended to reflect the 2015 regulations. These changes were reviewed by Management Team on 9 January 2018.

2.3. Appendix 1 contains the amended strategy with the changes highlighted in track changes.

2.4. As part of the Procurement Strategy review, the Standing Orders relating to Contracts will be reviewed next and brought back to this committee.

3. Counter Fraud, Corruption and Bribery Strategy

3.1. The Counter Fraud, Corruption and Bribery Strategy was last considered by this committee in February 2016 and is subject to regular review.

3.2. As with the Procurement Strategy it has been reviewed and minor changes made to reflect the current staffing structure and updated job titles. Amendments have also been made within appendix 3 to reflect current legislation. These changes were reviewed by Management Team on 7 February 2018.

3.3. Appendix 2 contains the amended strategy with the changes highlighted in track changes.

3.4. The Financial Regulations has also been updated as part of this review, to ensure the Authority minimises its exposure to Money Laundering, see below.

4. Financial Regulations

4.1. These were last considered by the committee in July 2017 following the 2016/17 Key Controls Audit.

4.2. Appendix 3 contains the amended regulations with changes highlighted in track changes to sections 25 and 48.5. These changes relate to limiting the amount of cash the Authority will accept in a single transaction. Payments above this amount will need to be made by an alternative method. These were considered by Management Team at the same time as the Counter Fraud, Corruption and Bribery Strategy.

5. Summary

5.1. If members adopt the changes above then staff will be notified of the changes. All strategy, policy and regulation documents are available to all staff on the Authority's intranet.

Background papers:	None
Author:	Emma Krelle
Date of report:	19 February 2018
Broads Plan Objectives:	None
Appendices:	Appendix 1 – Procurement Strategy Appendix 2 – Counter Fraud, Corruption and Bribery Strategy Appendix 3 – Financial Regulations

Broads Authority

Procurement Strategy

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Broads Authority Procurement Strategy

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1. Introduction

- 1.1. "Procurement" can be defined as the process of acquiring goods, materials, works or services. Procurement encompasses acquisitions from both third parties and "in-house" providers. The process of procurement includes the whole cycle of purchasing, from the initial identification of needs and options appraisal (including the "make or buy" decision), through to the ultimate end of a services contract or the end of the useful life of an asset.
- 1.2. The Broads Authority is committed to procuring cost effective and quality goods and services, which will in turn support the achievement of the Authority's overall strategic and operational aims and objectives. The Authority subscribes to the key principles of the Local Government Procurement Pledge as set out within this Strategy.
- 1.3. The Authority's procurement activities take place in the context of a complex framework of European Union directives and UK procurement regulations, alongside a range of other statutory and regulatory guidance. The Public Contracts Regulations 2006¹⁵ (as amended) implement into UK law the European Commission's Union Consolidated Directive on public procurement (2001⁴/¹⁸²⁴/ECU), which was adopted in March 2004. Revised EU procurement Directives (2014/24/EU) came into force in April 2014 and are due to be implemented in the UK within two years, although the Government has signalled its intention to transpose the new Directives promptly. This Strategy will therefore be revised when the regulations are enacted, and details of the forthcoming changes are set out later in this Strategy.

2. Purpose

2.1. The purpose of this Procurement Strategy is:

- to set out how the Authority's procurement activities comply with legislative and regulatory requirements;
- to promote the acquisition and delivery of supplies and services by the most appropriate procurement route, thereby ensuring that value for money¹ and quality are obtained at all times;
- to define a clear corporate framework for procurement, which complements and aligns with the Authority's Financial Regulations and Standing Orders Relating to Contracts; and

¹ Value for money is defined as "the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought."

- to ensure that all procurement by the Authority is carried out in a sustainable and responsible manner in order to maximise the economic, social and environmental benefits.

3. Responsibilities

3.1. Overall responsibility for the implementation of this Strategy lies with the Management Team, who will ensure that all procurement decisions are taken in accordance with the principles and best practice guidelines set out in this Strategy. All Broads Authority officers must have regard to this Strategy when undertaking any procurement activity.

3.2. The Authority does not have a Procurement Officer; advice about procurement procedural issues should in the first instance be sought from the Finance Team. Legal advice may be required in the case of a more complex procurement. The ~~Head of Finance~~ Chief Financial Officer must be consulted about the procedure to be applied in the event of any procurement which is over the European OJEU threshold (details of current thresholds are set out in the *Standing Orders Relating to Contracts*).

3.3. The Authority's Sustainability Exchange group can provide advice on environmental impact issues when determining criteria for tendering procedures.

4. Procurement Objectives

4.1. The Authority's overriding procurement objectives are:

- to purchase goods and services from suppliers who will provide value for money;
- to secure the purchase of goods and services as quickly and efficiently as possible;
- to procure goods and services which will enable the ultimate provision of quality services to the public;
- to encourage the purchase of goods and services from suppliers whose policies, practices and products are economically, socially and environmentally sound;
- to purchase goods and services from suppliers who comply with the Authority's health and safety standards and requirements;
- to use local, small and medium size enterprises and / or voluntary, community and social enterprises where possible, and to encourage such enterprises to bid for the Authority's contracts; and

- to continue working towards e-procurement².

5. Local Government Procurement Pledge

5.1. In line with these objectives, the Broads Authority subscribes to the Local Government Association's *Procurement Pledge for Local Authorities*, which recognises the opportunities provided by procurement to deliver value for money and to support local economies. The Authority will therefore seek to use procurement to help:

- deliver value for public money;
- drive local social and economic growth and regeneration; and
- provide inclusive services through a diverse supplier base.

5.2. In order to deliver these outcomes, to the fullest extent possible within the Authority's available resources, and where it is proportionate and appropriate, the Broads Authority will make efforts to:

- promote and implement procurement processes that are less bureaucratic and burdensome;
- build skills, capacity and expertise in procurement;
- engage effectively with stakeholders to ensure that the goods and / or services being procured meet their needs and (where appropriate) involve them in the procurement process;
- engage effectively with suppliers through market days, pre-procurement dialogue, and provide transparent feedback, making them aware of trading opportunities and securing their input and expertise;
- use procurement in a socially and environmentally responsible way, promoting fair employment practices, ethical sourcing practices, and environmental sustainability wherever possible;

² E-procurement refers to the use of electronic procurement approaches including online procurement systems, and the electronic receipt of tenders. Where an e-procurement approach is used, the requirement remains to comply with Standing Orders, including obtaining competitive quotations where necessary. Guidance from the Finance Team should be sought before undertaking an e-procurement process.

- seek feedback from suppliers and use this learning to further improve procurement processes; and
- promote collaborative working where appropriate to make best use of existing expertise, resources, and to share best practice.

6. Procurement Principles

6.1. The Authority's guiding principles for procurement are that:

6.1.1. all procurement should contribute to the strategic and / or operational aims and objectives of the Authority, as set out in the Broads Plan;

6.1.2. the Authority will apply a consistent, corporate and collaborative approach to procurement across Directorates;

6.1.3. the Authority will comply with all (UK and EU) legal requirements and relevant government guidelines in the procurement of goods and services, including regulations set down by Her Majesty's Revenue and Customs (HMRC);

6.1.4. procurement is a long-term process, and should include arrangements for effective contract management and review;

6.1.5. the Authority will encourage collaboration and joint procurement initiatives with other bodies including (where appropriate) local authorities and national park authorities, to deliver best value services and secure value for money and economies of scale;

6.1.6. the Authority will seek to further adaptation and mitigation to climate change through its purchases, and will encourage the procurement of environmentally sound services and products. The Authority will seek to:

- use recycled paper (with a target that over 80% of paper is made from recycled materials);
- achieve the lowest practicable power usage of all IT and electrical equipment; and
- use only FSC/PEFC (Pan European Forest Certification) accredited timber where possible.

6.1.7. the Authority will seek to use procurement to deliver community benefits, for example by promoting equalities and fair employment practices, by including social value criteria within tender evaluations where appropriate.

6.1.8. the Authority will seek to establish evaluation criteria for tenders which give an appropriate weighting to quality, cost and social and environmental impacts. It is good practice to apply similar criteria to quotations sought for procurements below the tender threshold, where this is practical and appropriate to the goods or services being procured.

6.2. Within the framework of these overarching procurement principles, the Authority will have regard to the principles of Best Value and its own Core Values³. The Authority will apply a sound competition policy, which will be designed to provide value for money and to deliver goods and services of the required quality.

7. Best Value

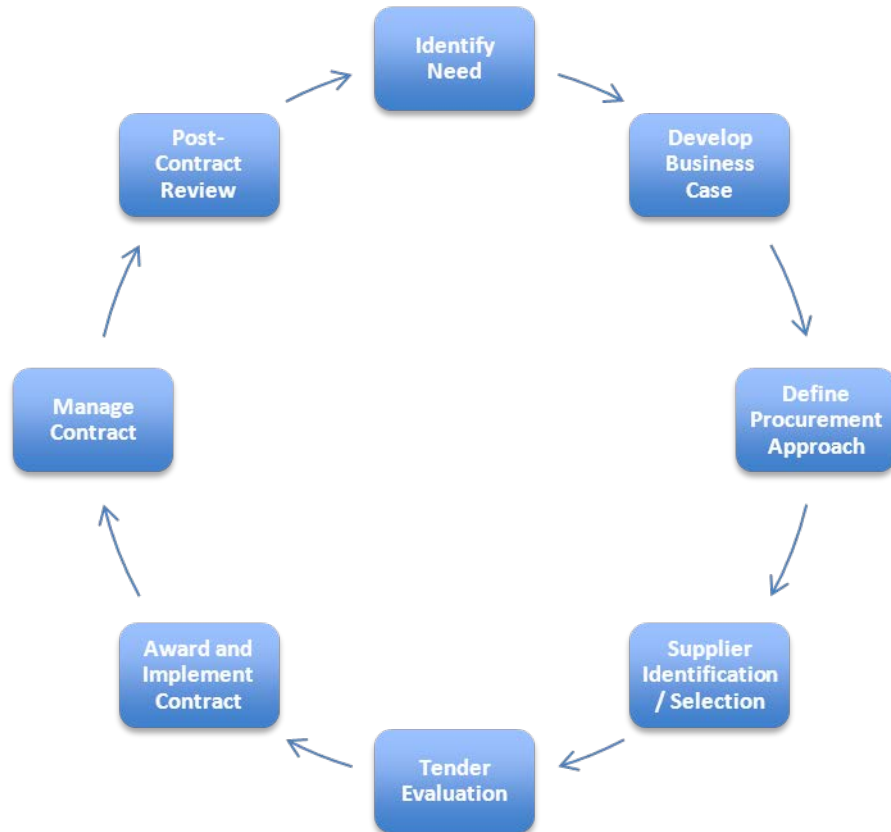
7.1. The principles of Best Value are based on the achievement of value for money through a combination of economy, efficiency and effectiveness, which are defined in the following terms:

- **Economy:** acquiring human and material resources of the appropriate quality and quantity at the lowest cost.
- **Efficiency:** producing the maximum output for any given set of resource inputs or using the minimum outputs for the required quantity and quality of service provided.
- **Effectiveness:** having the organisation meet the citizens' requirements and having a programme or activity achieve its established goals or intended aims.

8. The Procurement Process

8.1. The diagram below sets out the generic steps in the process for a larger procurement.

³ Core Values are important and enduring beliefs or ideals shared by the staff and members of the Broads Authority about what is good or desirable and what is not. They exert a major influence on our behaviour and serve as broad guidelines in all situations. They include: commitment, caring, open and honest, sustainable and exemplary.



8.2. The procurement process should be seen as a cycle and the importance of the latter stages, including the ongoing management of contracts and post-contract review activities, should not be underestimated.

9. Good Practice

9.1. The Authority seeks to conduct its affairs openly and transparently. All decisions about procurement should therefore be open and justifiable, and based on clear and relevant criteria (whilst having regard to the need to protect the confidentiality of information provided by bodies and individuals completing tenders). All procurement decisions must comply with the Authority's Financial Regulations and Standing Orders Relating to Contracts. The latter provide guidelines in respect of the procedures for preparing evaluation criteria, opening tenders and letting contracts.

9.2. The procurement process is subject to scrutiny by a range of stakeholders, including the Authority's Internal and External Audit functions. It is essential that all stages of the tendering process are properly recorded, in accordance with Standing Orders Relating to Contracts.

9.3. The Authority has established the following principles of good procurement:

- procurement processes should be designed to give the Authority sufficient information to form a view of the competence of potential service providers and suppliers, but without placing an undue burden on them;
- potential suppliers and service providers should understand clearly from the outset of any procurement what service standards are expected. They should be provided with adequate, accurate and timely information at all the relevant stages of the procurement process;
- all potential suppliers and service providers will be subject to the same requirements to ensure fair competition and will be treated equally throughout the procurement process;
- to promote innovation in service delivery, care should be exercised to avoid taking too narrow a view of how the service might be delivered as this may limit the options and deter potential providers; and
- in order to be able to demonstrate that procurement has been undertaken in an open and transparent manner, the Authority will ensure that tenderers for larger contracts (with a value of over £25,000) are fully aware of the basis for bid evaluation and that all stages of the procurement process can be audited satisfactorily with reference to the Authority's Procurement Strategy and Financial Regulations, which will be made available to all tenderers.

9.4. The evaluation of tenders should be systematic, objective and well documented to provide a clear and logical audit trail. Unsuccessful tenderers should be told the outcome of the tender, and on what grounds their tender was unsuccessful. In the case of a tender conducted under the OJEU process, a standstill period must be incorporated into the timetable following the notification of the contract award.

9.5. The Authority will seek innovation in the delivery of services, while having due regard to the needs of economy, efficiency and effectiveness. The Authority therefore will not discount without careful consideration arrangements which might enable it to be more innovative in its approach to procurement, which might include working in partnership with other bodies or making greater use of electronic processes.

9.6. For high risk / high value contracts, serious consideration should be given to a partnership arrangement.

9.7. All tenders should be prepared with due regard to identifying an appropriate approach to risk sharing, which takes into account both cost implications and the party which is best placed to bear the individual risks.

10. Competition

- 10.1. The Authority encourages fair competition in accordance with the principles and objectives set out in this Strategy.
- 10.2. The Authority makes no assumptions on the best method for supply / service provision. Its policy is to procure contracts through open competition based on the Authority's procurement objectives and to determine contracts based on best value, quality and the most effective delivery of the service.
- 10.3. Existing (long-term and other) partnerships and / or contracts are not exempt from the competition requirement and will be reviewed regularly to assess whether they are continuing to deliver value for money, or whether changes should be made. Where it is considered that a contract is not delivering value for money, and / or is failing to meet the standards set out in the contract, further action may be considered.
- 10.4. Where it is established that there are no realistic competitors for the provision of a specialist service, this must be agreed and formally documented by the Chief Executive as a Waiver of Standing Orders.

11. Social Value and "Green" Procurement

- 11.1. The Public Services (Social Value) Act 2012 places a duty on the Authority to consider, when undertaking certain types of procurement, how what is proposed to be procured might improve the economic, social and environmental well-being of the local area, and how, in conducting the process of procurement, it might act with a view to securing that improvement. These issues should be considered at the pre-procurement stage and may include "social" specifications and contract performance conditions. It is essential that where social value is to be considered as part of a tender response, the Authority's requirements are clearly set out within contract specifications, and appropriate criteria are established for tender evaluation.
- 11.2. Social considerations may include exploring how procurement activity can be used to:
 - encourage apprenticeships;
 - promote equalities;
 - encourage development of the "living wage"; and

- promote opportunities for small, local firms.
- 11.3. The Authority expects main contractors to act fairly with those in their supply chains and, where feasible, will mandate timely payment to subcontractors through contract clauses.
- 11.4. The Authority will strive to ensure that all decisions in relation to the procurement of goods, materials and services are taken in line with its sustainability commitments, and that where opportunities arise, commercial relationships are formed and nurtured with partnering and contracting organisations who share the Authority's values on sustainability.
- 11.5. In particular the Authority will aim to minimise the environmental impact of its purchases/procurement through rigorous use of the "four R's". These are:
- **Reduce:** by only purchasing new goods that are absolutely necessary (i.e. when it is not possible or viable to re-use or repair goods already purchased);
 - **Re-use:** by purchasing products, where possible, that can be used many times rather than disposable items;
 - **Repair:** by purchasing, where possible, products that have been designed and manufactured to allow for the repair and replacement of individual parts; and
 - **Recycle:** by purchasing, where possible, products made from recycled materials, and / or that may be recycled themselves.
- 11.6. The Authority will seek to ensure that in all procurements the environmental aspect is taken into account as an essential and integral part of the contract. This will entail specification writing, tender evaluation criteria and contract conditions which give adequate weight to the environmental dimension. It is recognised that there can be some subjectivity in determining where to draw the line in balancing sustainability and cost. In a tendering exercise this should be reflected in the weighting criteria. In other procurements, the successful bidder will generally be determined on the basis of the "most economically advantageous quotation" and the award criteria should therefore also be defined in advance to provide a suitable weighting for sustainability considerations. It is recognised that almost all procurements are different and each cases should be treated on its merits. If in doubt, staff should take advice from their appropriate Head of Service or Director. In particular advice should be sought from the [Head of Finance/Chief Financial Officer](#) if guidance is required on the drafting of tender evaluation criteria, in order to comply with Standing Orders Relating to Contracts.
- 11.7. Care must be taken to ensure that where social or environmental criteria are used as part of tender evaluations, the requirements for transparency and fair competition are safeguarded. It is particularly important that the evaluation takes into account the social or environmental elements of the goods or services to be supplied, but should not seek to make an assessment of the overall business activities of a prospective supplier.

11.8. The Authority will ensure that all vehicles acquired have low emissions of local air pollutants and climate change gases, having regard also to essential operational requirements, and will take account of the need to minimise emissions and exposure to air pollution when purchasing all goods and services.

11.9. The Sustainability Exchange is responsible for ~~improving~~ advising the Authority's overall performance on sustainability, ~~and for monitoring and measuring its carbon usage. It will take opportunities to monitor compliance with this Strategy and to look at how particular materials or services are used, to investigate how sustainability has been taken into consideration in procurement activity.~~

12. In-House and Outsourced Services

12.1. The Authority operates a predominantly "in-house" approach to service delivery. Where the Authority decides to investigate the outsourcing of any complete services, this would be undertaken on the basis of a robust and comprehensive business case which would include a full options appraisal and cost comparison.

13. Contract Management

13.1. Effective contract management is a key ongoing element of the procurement process, and relates to the proactive monitoring, review and management of contractual terms secured through a procurement activity. Contract management should be used to ensure that what is agreed in procurement is ultimately delivered by the supplier and should therefore include monitoring of compliance with the agreed contractual terms and conditions. Following the completion of any significant contract, a review should be completed in order for any lessons to be fed back into the procurement process to help to deliver continuous improvement.

14. National Procurement Strategy for Local Government in England

14.1. The National Procurement Strategy for Local Government in England sets out a vision for local government procurement and identifies four key areas for development. The Authority will seek to deliver in these areas as follows:

- **Making Savings:** Procurement is recognised as a key activity which can deliver savings and efficiencies. The Authority engages with partner organisations where appropriate to undertake joint procurement and establish shared service arrangements. Knowledge, posts

and services are shared with appropriate partners. Processes for reviewing existing procurement arrangements are in place and this Strategy is aligned to best practice.

- **Supporting Local Economies:** The Authority will seek to maximise the economic, social and environmental benefits to communities of its procurement by including assessment criteria relating to these areas within tenders, where appropriate.
- **Leadership:** The Authority recognises the strategic importance of procurement, and this Strategy therefore emphasises the importance of contract management and confirms the role of procurement as a long-term, cyclical process.
- **Modernising Procurement:** The Authority will employ e-procurement approaches where appropriate to streamline and simplify the tender process, and recognises the potential benefits offered by the new EU directives.

~~15.~~ **EU Procurement Directives**

~~15.1.~~ ~~New EU Procurement Directives are expected to make the public procurement process faster, less costly, and more effective for suppliers and procurers. The changes provide for a more modern, flexible and commercial approach than the existing regime. Key changes in the new Directives include:~~

- ~~• provisions to allow certain contracts to be reserved for mutuals / social enterprises;~~
- ~~• various provisions to support and encourage the award of contracts to Small and Medium Enterprises (SMEs);~~
- ~~• simplified processes for assessing bidders, and increased flexibility to consider past performance of previous contracts;~~
- ~~• more freedom to undertake negotiation and to increase opportunities for innovation;~~
- ~~• reductions to timescales and a further drive towards e-procurement approaches; and~~
- ~~• new rules on social and environmental aspects of tenders.~~

~~15.2.~~ ~~This Strategy will be revised to reflect the new Directives when they are transposed into UK law.~~

~~16.~~**15. Review**

~~16.1.15.1.~~ This Strategy will be reviewed every three years, or more frequently where there are significant changes in the environment within which the Authority operates. Responsibility for ensuring that regular reviews are carried out lies with the ~~Head of Finance~~Chief Financial Officer.

Broads Authority
Counter Fraud, Corruption and Bribery Strategy

INTRODUCTION TO THE STRATEGY

Statement of Intent

- 1.1 The Broads Authority is committed to carry out its business in a fair, honest and transparent manner. As such, the Authority has a zero tolerance approach to those who seek to commit an act of fraud, corruption, money laundering or bribery towards, or against it.
- 1.2 To safeguard itself against such activities, the Authority has developed a counter fraud culture, supported by a framework designed to encourage the prevention and detection of fraud, corruption and bribery in the event of allegations being received, and to establish appropriate arrangements for their investigation. All such provisions seek to minimise potential losses to the Authority in the event of it being subject to fraudulent or corrupt practices.
- 1.3 The Authority is committed to maintain, and to regularly monitor, review and update, appropriate processes and procedures which will minimise the risk of losses from fraud, corruption, [money laundering](#) or bribery, and to ensure that all members and members of staff are aware of their responsibilities to comply with these procedures at all times.

2. Objectives of the Strategy

- 2.1 The key objectives of this Strategy are to:
 - increase staff and member awareness of the corporate counter fraud culture which the Authority actively supports and encourage individuals to promptly report suspicions of fraudulent and corrupt behaviour;
 - communicate to partners, suppliers, contractors and other organisations that interact with the Authority that it expects them to maintain high standards aimed at minimising fraud and corruption in their dealings with the Authority;
 - further embed and support the management of fraud risk within the Authority;
 - demonstrate the arrangements that the Authority has in place to counter fraud, corruption, money laundering and bribery; and
 - minimise the likelihood and extent of losses through fraud and corruption.

3. Why is the Strategy Needed?

- 3.1 The Broads Authority is reliant on its various funding sources in order to carry out its duties and deliver its key aims and objectives in the Broads Plan. As a public body it has a duty to promote effective stewardship and value for money in the use of its funds, to be accountable to its stakeholders in the use of that money and to ensure that procedures are put in place to minimise the risk of losses through fraud, corruption, money laundering or bribery.

- 3.2 As well as resulting in lost income, and reducing the funds available to be spent on key service delivery, instances of fraud, corruption, money laundering and bribery are likely to impact on the reputation of the Authority, and result in a loss of confidence that can be placed in the Authority and its procedures.
- 3.3 Historically, the Broads Authority has had relatively low levels of detected fraud activity in relation to its business operations. Where such activity has been identified, prompt action has been taken and sanctions imposed, as appropriate. However, even though fraud may not previously have been prevalent, it is important to remain vigilant, and to maintain, and regularly monitor, review and update, appropriate processes and procedures to ensure that any potential opportunities for fraud and corruption are minimised, in order that resources can be used for their intended purpose.
- 3.4 The Bribery Act 2010 places an expectation on organisations that they will have appropriate and adequate procedures in place to minimise the risk of bribery taking place. This Strategy seeks to reduce this risk, and to outline the Authority's anti-bribery approach

4. Definition of Fraud, Corruption, Money Laundering and Bribery

- 4.1 The Fraud Act 2006 defines fraud by three classes; false representation, failure to disclose information or by abuse of position. In all three classes of fraud, it requires that for an offence to have occurred, the person must have acted dishonestly, and that they had to have acted with the intent of making a gain for themselves or anyone else, or inflicting a loss (or a risk of loss) on another.
- 4.2 Examples of fraud committed against the Authority might include the creation and submission of fake invoices for goods or services never received, false or inflated expense claims, under recording of cash receipts, misappropriation of stock or an application for a job falsely claiming to hold certain qualifications. As these examples demonstrate, fraud can occur in a number of ways, need not always be related to loss of money, and can involve staff, members or even people outside of the organisation.
- 4.3 Corruption has a number of definitions but can simply be defined as the abuse of entrusted power for private gain. It is often linked to Bribery.
- 4.4 CIPFA describes Money Laundering as disguising criminally sourced cash or property in order to give the appearance of legitimacy. This is done by mixing the criminal transactions with the legitimate transactions of businesses.
- 4.5 The Bribery Act 2010: Quick start guide defines bribery as 'giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so. The Act includes two general offences covering the offering, promising or giving of an advantage, and the requesting, agreeing to receive or accepting of an advantage.

5. The Corporate Framework to Counter Fraud, Corruption and Bribery

- 5.1 The Authority has in place a number of policies, procedures and practices that are designed to support this Strategy in countering and preventing fraud occurring. These take account of legislation and expected standards in respect of public life. A summary of the key arrangements in place is set out at Appendix 1, together with a list of the officers responsible for these arrangements.
- 5.2 In addition to these there are a number of officers who have direct and overarching responsibilities and roles in respect of countering fraud, corruption and bribery. These roles and responsibilities are set out at Appendix 2.
- 5.3 The Authority also has in place a Risk Management Policy and a Strategic Risk Register. Overall responsibility for risk management lies with the Solicitor and Monitoring Officer who is charged with ensuring that the risk of fraud and corruption is appropriately recognised within the risk framework, and managed accordingly. The Risk Management Policy is reviewed and where appropriate updated at least annually, whilst the Strategic Risk Register is reviewed bi-annually by the Management Forum and the Financial Scrutiny and Audit Committee. Nominated risk owners are responsible for individual risks, and these should be reviewed not less frequently than every six months.

THE AUTHORITY'S ANTI-FRAUD, CORRUPTION AND BRIBERY CULTURE

6. The Cultural Framework

- 6.1 The Authority is determined to promote a culture of honesty, integrity and opposition to fraud, corruption and bribery. The prevention and detection of fraud, corruption and bribery is the responsibility of all members and members of staff.
- 6.2 To this end, the Authority has adopted a Code of Conduct for its members and a Code of Conduct for Employees which promote standards of conduct and behaviour expected when representing the Authority. Both of these documents are available on the Authority intranet.
- 6.3 The Authority has a Whistle Blowing Policy, which encourages employees, members and other parties to raise concerns, in the knowledge that they will not suffer victimisation or harassment as a result.
- 6.4 The Authority seeks to be as open and transparent as possible in the way it conducts its business and makes decisions. The Terms of Reference of Committees, and Scheme of Powers Delegated to Officers, set out the decision-making framework within the Authority, and demonstrate where functions may be delegated. The Authority publishes details of all expenditure over £250 on its website, and will endeavour to meet all the requirements of Government as set out in the Code of Recommended Practice for Local Authorities on Data Transparency.

7. Members

- 7.1 The Localism Act 2011 places a duty on the Authority to promote and maintain high standards of conduct by its members and co-opted members. Members are required to observe the Authority's Code of Conduct, which is intended to promote and maintain behaviour consistent with the Nolan Principles. They are also required to register and disclose certain interests, including pecuniary interests, both in a Register of Interests and, where appropriate, verbally at the commencement of all meetings.
- 7.2 The Authority has also developed arrangements for dealing with complaints that a member has failed to comply with the Code of Conduct, and has appointed two Independent Members, one of whom will be consulted before any standards complaints are determined.
- 7.3 Details of the Register of Interests, Code of Conduct and arrangements for dealing with standards allegations are all on the Authority's website and available for inspection by members of the public.
- 7.4 The Financial Scrutiny and Audit Committee is responsible to the Broads Authority for the Counter Fraud, Corruption and Bribery Strategy, including the adequacy and effectiveness of the arrangements for counter-fraud and whistle blowing, and maintaining an oversight of the systems for corporate governance and internal control.

8. Employees

- 8.1 A successful anti-fraud culture is one where acts of fraud and corruption are widely recognised as unacceptable behaviour and whistle blowing is perceived as a public-spirited action. The Authority has put in place a number of policies, procedures and other actions to promote an anti-fraud culture to the Authority's officers, as detailed in Appendix 1.
- 8.2 All officers must abide by the Code of Conduct for Employees, which sets out the standards of behaviour and conduct expected of them. Professionally qualified officers are also expected to follow any Code of Conduct or Ethics as required by their professional institute.
- 8.3 The Authority has disciplinary procedures which are designed to ensure consistent and fair treatment of all staff in dealing with any breaches of conduct. Any breach of conduct will be dealt with under these procedures and may result in dismissal.
- 8.4 The Code of Conduct includes guidelines for the receipt of gifts and hospitality, and requires senior officers to declare certain personal interests which could be perceived to conflict with their professional impartiality.

9. Partners, Suppliers, Contractors and Other Organisations that interact with the Authority

- 9.1 The Authority expects the highest standards of conduct from all organisations that have dealings with it. Any partners, suppliers, contractors and other third parties funded by or in receipt of payments from the Authority are required to

adopt or abide by the Authority's policies, procedures, protocols and codes of practice, where appropriate, in order to prevent and detect fraud, corruption, money laundering and bribery.

- 9.2 All transactions with suppliers and other organisations will be entered into in line with the Authority's Standing Orders Relating to Contracts. These make appropriate provisions for declaring interests and the circumstances where such regulations may not apply, and rules regarding entering into contracts and varying contract conditions. In addition, prior to entering into significant, ongoing transactions, due diligence checks are undertaken to ensure that suppliers have an appropriate financial and risk profile before transactions are entered into.

COUNTER FRAUD PREVENTION AND DETERRENCE

10. The Internal Control Environment

- 10.1 The Authority's internal control environment plays a key role in ensuring that fraud can be prevented. Soundly designed systems, with adequate checks built into them, minimise the opportunities for untoward activities. This can be through automated controls, or through management oversight of transaction activity.
- 10.2 Managing the risk of fraud, corruption and bribery is the responsibility of Directors and Section Heads within individual Directorates and service areas, working within the overall framework developed by the Authority and the Management Team. Whilst managers retain responsibility for the oversight of the internal control environment within their specific service areas, internal and external inspections play an important role in ensuring that operational arrangements are working effectively. An Annual Audit Plan is developed by the Head of Internal Audit each year, in consultation with the Management Team, based on a risk based approach and having regard to those areas where there is the greatest potential for fraud, corruption and bribery, which provides a check on those services and systems (financial and non financial) that are subject to the highest level of inherent risk. Furthermore, in the course of completing audit assignments, recommendations will be put forward aimed at strengthening systems of internal control which are designed to remove potential opportunities for fraud and corruption in the future.

11. Recruitment and Induction

- 11.1 A key preventative measure against the possibility of fraud, corruption and bribery is to have in place a robust recruitment process which establishes, as far as reasonably possible, the propriety and integrity of potential employees. This includes temporary and contract staff. Agencies providing temporary staff should be required to confirm references have been obtained and validated.
- 11.2 All recruitment should be in accordance with the Authority's standard recruitment procedures. Written references should be obtained for all potential employees and any relevant qualifications should be confirmed prior to appointment.

12. Promotion

- 12.1 The Authority undertakes to promote successful outcomes from counter fraud activities, particularly where this may deter others from undertaking dishonest activities.
- 12.2 In addition the Authority commits to promoting an anti-fraud culture through encouraging staff and members, as part of their induction programmes, to familiarise themselves with the relevant Code of Conduct, the Whistle Blowing Policy and this Strategy, to make them aware that the Authority will not tolerate improper behaviour.

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DETECTING AND INVESTIGATING FRAUD, CORRUPTION, MONEY LAUNDERING AND BRIBERY

13. Detecting Fraud that has Occurred

- 13.1 The Authority has in place a number of measures designed to detect fraudulent activity.
- 13.2 The Authority therefore expects its senior managers to be vigilant regarding the possibility of fraud, corruption, money laundering or bribery and to report any suspicious activities.
- 13.3 Despite best efforts, fraudulent or corrupt activity can sometimes be discovered by chance or through a 'tip off' or whistle blowing incident. The Authority has developed appropriate arrangements to enable such matters to be handled through the Whistle Blowing Policy.
- 13.4 The Code of Conduct for Employees also requires employees to report to their immediate line manager, Head of Section or other officer any suspicions of impropriety, dishonesty or failure to follow legislation or policies and procedures by another employee.
- 13.5 In addition the work of Internal Audit and the Authority's External Auditors may lead to the detection of fraud.

14. Investigation of Fraud that has Occurred

- 14.1 The Head of Internal Audit has overall responsibility for the progression of all fraud investigations, in consultation with the ~~Director of Planning and Resources~~ Chief Financial Officer. There are provisions in the Internal Audit Services contract to engage Counter Fraud trained auditors from TIAA Ltd, to work under the direction of the Head of Internal Audit, and in consultation with the ~~Director of Planning and Resources~~ Chief Financial Officer.
- 14.2 Appendix 3 sets out a Fraud, Corruption and Bribery Response Plan, detailing how the Authority will respond when a concern or an event has been raised, leading to a suspicion of fraud or corruption. In all cases the Head of Internal Audit should be consulted regarding potential cases of fraud and corruption, in order to maintain a corporate overview of incidents arising and ensure that investigations are carried out by the appropriate personnel (e.g. TIAA

Auditors, the Head of Internal Audit, the relevant Director, Head of Human Resources, depending on the nature of the case reported).

- 14.3 The Solicitor and Monitoring Officer is responsible for monitoring and ensuring the investigation of whistle blowing concerns received. Where such cases involve an instance of fraud and corruption, these will be jointly overseen by the Solicitor and Monitoring Officer and the Head of Internal Audit.
- 14.4 The Head of Internal Audit will notify External Audit promptly of all frauds occurring at the Authority which exceed £5,000, and any cases of corruption and any fraud cases of particular interest or complexity. Any such instances of fraud or suspected fraud will be discussed with external Audit at the annual Audit Planning Meeting.

SANCTIONS AND REDRESS IN RESPECT OF FRAUD, CORRUPTION, MONEY LAUNDERING AND BRIBERY

15. Taking Action where Required

- 15.1 Where it has been identified that fraud or corruption has occurred, the Authority is committed to ensuring that all appropriate sanctions and courses of redress are undertaken.
- 15.2 Although the Authority's primary means of sanction of employees is through its Disciplinary Procedures, this does not preclude the Authority from taking additional action should it consider this to be necessary.
- 15.3 The Authority will seek to work closely with other parties, in particular the Police, where appropriate. It also has a public duty to seek financial redress, where feasible.

REVIEW

16. Review

- 16.1 This Strategy has been approved by the Management Team and by the Financial Scrutiny and Audit Committee. It will be reviewed and if necessary updated on a regular basis, at least annually, and any significant changes will be brought to the attention of the Management Team for their approval. Responsibility for ensuring that regular reviews are carried out lies with the ~~Director of Planning and Resources~~ Chief Financial Officer.

January 2016~~8~~

Appendices: Appendix 1 – Supporting Policies, Procedures and Practices
Appendix 2 – Roles and Responsibilities of Officers
Appendix 3 – Fraud, Corruption and Bribery Response Plan

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APPENDIX 1

Policy / Strategy	Purpose	Responsible Officer
Code of Conduct for Members	Under the provisions of the Localism Act 2011, the Broads Authority is required to adopt a code of conduct setting out the standards of behaviour expected of its members. The Authority has adopted the model code prepared by the Department for Communities and Local Government (DCLG). All new members to the Authority receive guidance and training on the implementation of the Code.	Solicitor and Monitoring Officer
Registration and Declaration of Interests	Members of the Authority are required to enter onto a Register of Interests any pecuniary or non-pecuniary interests which might relate to their public duty, and to declare these interests at all meetings of the Authority and its committees. The Register of Interests may be viewed by members of the public on request.	Solicitor and Monitoring Officer
Terms of Reference of Committees	These set out the powers reserved to the Broads Authority and to its various committees.	Solicitor and Monitoring Officer
Scheme of Delegated Powers	These set out the powers which are delegated to the Chief Executive, and the conditions under which these powers can be discharged. They are supplemented by Arrangements for the Exercise of Powers by Other Officers, setting out those officers who are authorised to exercise powers in the absence of the Chief Executive.	Solicitor and Monitoring Officer
Code of Conduct for Employees	All members of staff are required to comply with the Code of Conduct for Employees, and Planning Officers with the Code of Conduct for Planning Committee Members and Officers. The Code of Conduct includes guidelines for the receipt of gifts and hospitality, and requires senior officers to declare certain personal interests which could be perceived to conflict with their professional impartiality.	Head of Human Resources
Whistle Blowing Policy	The Whistle Blowing Policy sets out how employees can raise concerns within the organisation without fear of victimisation or harassment.	Head of Human Resources Solicitor and Monitoring Officer

Financial Regulations	Financial Regulations set the framework for the administration of the Authority's financial affairs, including all systems and transactions.	Head of Finance <u>Chief Financial Officer</u>
Standing Orders Relating to Contracts	These Standing Orders set out the rules and procedures which must be complied with when letting contracts for goods and services on behalf of the Authority. They endeavour to ensure fair competition between competing organisations.	Head of Finance <u>Chief Financial Officer</u>
Internal Financial Controls	Internal control systems are in place to ensure that the Authority's finances are managed in a safe and efficient manner. These include physical controls to ensure security of assets and restrict access, clear lines of accountability, supervisory controls, segregation of duties and authorisation/approval controls.	Head of Finance <u>Chief Financial Officer</u>
Internal Audit	The Authority is a member of a consortium of local authorities who jointly procure an internal audit service. The service is administered by the Head of Internal Audit, who is based at the offices of South Norfolk Council, and is currently contracted out to TIAA. An annual programme of audits is drawn up in conjunction with the Head of Internal Audit using a risk based approach.	Head of Finance <u>Chief Financial Officer</u>
Recruitment and Selection of Staff	A number of controls are in place relating to the recruitment and selection of staff, including completion of an application form, interviews, references and obtaining a 'defined document' to confirm that the employee is eligible to be employed in this country. Under certain circumstances other checks are made, for example relating to the prospective employee's medical condition and suitability to work with children and vulnerable adults.	Head of Human Resources

APPENDIX 2

Roles and Responsibilities for Countering Fraud, Corruption, Money Laundering and Bribery

Stakeholder	Roles and Responsibilities
Broads Authority	The Authority is ultimately responsible for the Authority's Counter Fraud, Corruption, Money Laundering and Bribery Strategy and other arrangements.
Individual Members	Members support and help to promote a strong counter fraud culture through: <ul style="list-style-type: none"> • promoting the Authority's lack of tolerance towards acts of fraud and corruption; • ensuring that they comply with the Authority's Code of Conduct for Members, thus setting a strong public example; and • raising matters of concern that they may have through the appropriate means.
Financial Scrutiny and Audit Committee	Responsible to the Authority for the Counter Fraud, Corruption and Bribery Strategy, including the adequacy and effectiveness of the counter fraud and whistle blowing arrangements.
Chief Executive	The Chief Executive is ultimately responsible for the day to day arrangements to counter fraud, corruption and bribery.
Solicitor and Monitoring Officer	Responsible for the Authority's arrangements to manage risk, including the Risk Management Policy and Strategic Risk Register. The Monitoring Officer also provides support to members as required on matters of ethical and governance issues, and may receive concerns raised from members, the public and other stakeholders.
Treasurer and Financial Adviser Chief Financial Officer/ Section 17 Officer	The Section 17 Officer is responsible for ensuring that the Authority has in place arrangements for the proper administration of its financial affairs.
External Audit	The external auditors have a statutory duty to ensure that the Authority has in place adequate arrangements for the prevention and detection of fraud, corruption and theft.
Internal Audit	Internal auditors will be alert in all their work to risks and exposures that could allow fraud or corruption to

	occur and seek to strengthen systems of internal control to safeguard the Authority against such activities and minimise losses arising from such actions.
Head of Internal Audit	The Head of Internal Audit is responsible for managing the Internal Audit service, including developing an Annual Audit Plan which includes counter fraud and corruption work. There is also a requirement to assist with special investigations (where cases of fraud and/or corruption are suspected) and provide reports to management, the Financial Scrutiny and Audit Committee and External Audit regarding work carried out in this area.
Directors and Heads of Service	These officers are responsible for the management and prevention of theft, fraud, corruption and other irregularities within their area of responsibility. Each officer is expected to: <ul style="list-style-type: none"> • identify, be familiar with and assess the types and risks of fraud or corruption that might occur within their area of responsibility; • promote and monitor sound working practices which minimise the likelihood of fraud and corruption occurring; • promote the Strategy where appropriate with any external organisations they may do business with; • be alert for any indication of fraud or corruption; and • be ready to take appropriate action in a timely way, should there be any suspicion of theft, fraud or corruption.
Members of Staff	Staff should undertake their duties at all times in line with the Authority's Code of Conduct for Employees. They have a responsibility to raise any concerns, should they become aware of any potential fraud, corruption or other wrongdoing, with an appropriate officer (who could be their line manager, Head of Section or Director, the Monitoring Officer, the Head of Internal Audit or any other senior officer).
Partners, Contractors, Suppliers and other organisations that interact with the Authority	These organisations should be aware of the need to uphold anti-fraud principles and be aware of the possibility of malpractice against the Authority, reporting any genuine concerns or suspicions promptly.
Members of the Public	To notify the Authority of any genuine concerns or suspicions involving fraudulent or corrupt activities being committed against the Authority.

Fraud, Corruption and Bribery Response Plan

1. Introduction

- 1.1 The purpose of this Response Plan is to set out the action to be taken when a fraud is suspected or discovered. This Plan forms part of the Authority's overall approach to countering fraud, corruption and bribery.
- 1.2 Adhering to the Plan will enable the Authority to ensure that all incidents of fraud and corruption are handled in a consistent and responsible manner and that the relevant responsibilities when responding to an incident are clear.

2. Reporting Concerns of Fraud, Corruption and Bribery

- 2.1 Anyone who has a concern that a potential incident of fraud, corruption, money laundering or bribery has arisen should always seek to raise these concerns at the earliest opportunity. The Authority acknowledges that this can be a difficult and challenging action to take in some cases, and the Whistle Blowing Policy has been established to provide those raising concerns with a safe avenue with which to do so without fear of victimisation or bullying. It also offers sources of advice and guidance that they may turn to.
- 2.2 The Whistle Blowing Policy makes clear that the Authority will always respect the confidentiality of those who raise a concern. Wherever possible, it encourages the whistle blower not to remain anonymous, to ensure that concerns can be set out in writing to ensure that the facts of the situation are clarified.
- 2.3 Wherever the concern raised or identified relates to a matter of fraud, corruption, money laundering or bribery, the Head of Internal Audit should be notified in order that they can ensure appropriate investigatory measures are undertaken. Wherever possible, and whilst respecting confidentiality, the Head of Internal Audit will work with other officers to ensure that appropriate members of staff and others are kept informed of developments. In particular it may be necessary to notify the Section 17 Officer and Management Team. The Head of Internal Audit and Solicitor and Monitoring Officer should liaise to ensure that cases raised in respect of whistle blowing are appropriately addressed, and to ensure that the Head of Internal Audit is aware of all issues that may impact upon delivery of the Annual Audit Plan.

3. Reacting to Reports of Fraud, Corruption and Bribery

- 3.1 All reported cases will be handled in a fair and consistent manner. The Authority will remain mindful of the legislative framework governing the investigation of concerns, and in particular the :
- Freedom of Information Act 2000;
 - Data Protection Act 1998 (to be replaced by General Data Protection Regulations (GDPR) from May 2018);

- Human Rights Act 1998;
- ~~Proceeds of Crime Act 2002~~ as amended by the Serious ~~Organised Crime and Police~~-Act 2015;
- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017; and
- Police and Criminal Evidence Act 1984.

3.2 As the Whistle Blowing Policy identifies, if an individual raises a malicious allegation they know to be untrue, then the Authority will not investigate the case further. The Authority will also endeavour to be sensitive to the alleged wrongdoers, to ensure minimisation of damage if, subsequently, the allegations are found to be incorrect or cannot be substantiated.

4. Conducting Investigations

4.1 The Head of Internal Audit is responsible for overseeing the progress of fraud, corruption and bribery investigations to ensure they are undertaken in a consistent and appropriate manner, in accordance with legislative requirements and agreed procedures. If the concern directly affects the Head of Internal Audit, this role will be adopted by the Solicitor and Monitoring Officer.

4.2 The Head of Internal Audit will also remain responsible for liaising with the Chief Executive and other senior managers as appropriate regarding the incident raised and the progression of the investigation. In such cases the liaison officer will be the ~~Director of Planning and Resources~~Chief Financial Officer, unless this officer is the subject of or is otherwise linked to the investigation, in which case the Chief Executive will nominate an alternative liaison officer. Should disputes arise during the course of an investigation, these will be referred to the appropriate liaison officer (and, if necessary, the Chief Executive) to assist resolution.

4.3 In the event that the Chief Executive is the subject of or otherwise linked to the allegation, the Head of Internal Audit will liaise with the Chair of the Authority.

4.4 A number of options will usually be considered when determining who will be responsible for undertaking investigative work, but for the most part the Head of Internal Audit, in conjunction with the ~~Director of Planning and Resources~~Chief Financial Officer will agree the method and terms of reference for the investigation. Although it is acknowledged that flexibility will be required depending on the nature of the case, it is expected that the following will need to be considered:

- who will conduct the investigation;
- the arrangements for collecting and documenting evidence;
- the estimated time span for the investigation;
- the need for direct referral to/liaison with other authorities (e.g. the Police);
- the mechanism for reporting progress and the final outcomes; and
- liaison with the Head of Human Resources regarding the need for potential suspension / transfer /disciplinary action relating to the alleged wrongdoers.

- 4.5 Where it is deemed necessary to refer cases to the Police, careful consideration will be given as to whether to proceed with an internal investigation. However it is expected that all staff, members and third parties will comply with both internal and Police investigations as appropriate, and wherever possible Authority and Police enquiries will be co-ordinated to maximise their effectiveness.
- 4.6 Upon completion of any investigation, a report will be produced highlighting the main findings. The report will be reviewed by the Head of Internal Audit, who will be responsible for identifying any further action which may be needed in consultation with other appropriate officers (e.g. the Head of Human Resources if disciplinary action may be required). Where it has been found that fraud, corruption or bribery has occurred, a summary of the findings will be presented to the Management Team, and in due course a summary report will be prepared for the Financial Scrutiny and Audit Committee, setting out what mitigating actions will be taken to avoid or minimise the possibility of a recurrence of the incident. Where fraud, corruption or bribery could not be proven, the findings will only be shared with those who have a genuine and legitimate need to know.
- 4.7 The Head of Internal Audit will keep the person raising the concern informed of the progress of the investigation, but will not necessarily be able to share either the report or the conclusions of the investigation with that person or persons. Where this relates to a whistle blowing case, the Head of Internal Audit will continue to work with the Solicitor and Monitoring Officer in this regard.
- 4.8 It is the responsibility of management to ensure that any losses arising from an investigation are recovered, provided that there are reasonable grounds for doing so. There are various methods of recovery the Authority can utilise, for example directly from the perpetrator, through the Authority's insurers, or through legal proceedings. The appropriate method of recovery will be considered on a case-by-case basis by the Management Team, where appropriate on the advice of the Head of Internal Audit and/or Solicitor and Monitoring Officer.

5. General Processes

- 5.1 This Fraud, Corruption and Bribery Response Plan will be displayed on the Authority's Intranet, in order that it is available to all members of staff. It is acknowledged that circumstances will differ from case to case, and the Authority reserves the right, where it is in the best interests to do so, to carry out investigations in ways which are not entirely in accordance with this Plan. However notwithstanding that, the Authority will seek to ensure that, where possible, all investigations are carried out in a consistent manner.
- 5.2 The Head of Internal Audit will remain responsible for ensuring that records in respect of fraud cases are appropriately maintained, and, in line with guidance issued by The National Archive, records relating to proven frauds will be maintained for at least six years.

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Introduction

1 Why do we have Financial Regulations?

- 1.1 Section 17 of the Norfolk and Suffolk Broads Act 1988 states that the Authority shall “make arrangements for the proper administration of its financial affairs and shall secure that one of its officers has responsibility for the administration of those affairs”.
- 1.2 The Local Government Act 1972 directs that authorities shall make arrangements for the proper administration of their financial affairs, and that some of their officers be responsible for the administration of those affairs.
- 1.3 Under powers contained in the Local Audit and Accountability Act 2014 it requires the Accounts to be audited by a local auditor appointed in accordance with the Act. The ‘Accounts and Audit Regulations’ require that the ‘Responsible Financial Officer’ must determine and be responsible for the accounting systems and the form of both the accounts and supporting records of the Authority. That officer must further ensure (by maintaining an effective and adequate audit) that rules so made are observed and that all records are maintained in a satisfactory manner. To conduct its business efficiently, a local authority needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the Authority.

2 Status of Financial Regulations

- 2.1 Financial Regulations provide a framework for managing the Authority’s financial affairs. They apply to every member and officer of the Authority and anyone acting on its behalf.
- 2.2 These Regulations set out the financial responsibilities of the Broads Authority, Financial Scrutiny and Audit Committee, Chief Executive, Chief Financial Officer, Solicitor and Monitoring Officer and Directors.
- 2.3 All members and officers have a responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these assets is legal, properly authorised, provides value for money and achieves best value.
- 2.4 The Chief Financial Officer is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes as necessary to the Authority for approval. He/she is also responsible for reporting, where appropriate, breaches of these Financial Regulations to the Authority.
- 2.5 Directors are responsible for ensuring that all members of staff in their Directorates are aware of the existence and content of the Authority’s Financial Regulations, as appropriate.
- 2.6 These Regulations should be read in conjunction with:
 Standing Orders;

Standing Orders Relating to Contracts;
Scheme of Powers Delegated to Officers;
Procedure Manuals;
Financial Grant Memorandum issued by the Department for the
Environment, Food and Rural Affairs (Defra);
Treasury and Annual Investment Strategy;
Prudential Code; and
Procurement Strategy.

3 Statement of Principles

- 3.1 The Authority expects high standards of conduct from its members and officers and those with whom it has dealings. Further to this the Authority expects honesty, openness and integrity to be the values which underpin its financial affairs and all those involved with the Authority's finances should work with these values in mind.
- 3.2 The principles below provide the basis for the detailed guidance in Financial Regulations.

4 The Principles

- 4.1 The Authority is responsible for the stewardship of public money and will make arrangements to safeguard it.
- 4.2 The Authority expects its members and officers to exercise high standards in financial management and administration and aims to stimulate openness and a climate of frankness that it will support through policies and regulations, such as the Whistle Blowing Policy and the Counter Fraud, Corruption and Bribery Strategy.
- 4.3 The planning, monitoring and controlling of the use of resources is of vital importance to the Authority and it will make arrangements for these activities to be undertaken effectively.
- 4.4 Issues of probity will be dealt with effectively and the Authority will work to meet its duty to maintain proper accounts and related records.
- 4.5 Value for money is at the core of the Authority's financial activity and the way in which it administers its financial affairs.
- 4.6 Compliance with statutory requirements, accounting standards and appropriate codes of practice will be inherent in the Authority's arrangements for financial matters.
- 4.7 Allocation of responsibility and authority in relation to financial matters will be clearly identified.
- 4.8 The Authority is mindful of the need for consistent standards in financial administration and management across all its operations and will set in place guidance to be adhered to by all its Directorates. In particular, it expects staff to consult with and use all of the expertise in financial matters that it has available and act on advice from such sources.
- 4.9 The assets and resources of the Authority must be protected from loss, damage and theft.

- 4.10 Identifying and quantifying risks to the Authority is of key importance and arrangements must be made to reduce, eliminate or insure against them as appropriate.
- 4.11 The accurate, appropriate and timely payment and collection of monies forms much of the routine financial business of the Authority and arrangements will be made for its proper administration.

Financial Management

5 Roles and Responsibilities

- 5.1 **The Broads Authority** is responsible for setting the overall policy and direction of the Authority. Its financial responsibilities include approving the annual consolidated budget and Statement of Accounts, fixing navigation tolls, appointing the Section 17 Officer and generally monitoring the resources of the Authority.
- 5.2 **The Financial Scrutiny and Audit Committee** reports to the Broads Authority. Its financial responsibilities include reviewing and recommending for approval the annual Statement of Accounts, approving Financial Regulations and Standing Orders Relating to Contracts, and oversight of internal audit and risk management processes.
- 5.3 **The Chief Executive** is responsible for the day to day management and control of the Authority, including its staff, premises and services, and is responsible for ensuring the implementation of strategies and policies as determined by the Broads Authority and its committees. The Chief Executive is also responsible, in conjunction with, and on the advice of, the Chief Financial Officer, for the preparation of annual budgets and statements of accounts, and for the maintenance of all financial systems and procedures to ensure that the Authority operates within its financial limits and complies with all financial and statutory requirements and in accordance with good accounting practice.
- 5.4 **The Chief Financial Officer** is responsible for the proper administration of the Authority's financial affairs, in accordance with section 17 of the Norfolk and Suffolk Broads Act 1988. The specific responsibilities include the regulation and control of finance, and the making of safe and efficient arrangements for the receipt of monies; external and internal audit matters, including the appointment of auditors: pension fund matters; insurances; investment; and the operation of the Authority's bank accounts. The CFO is also responsible for the day to day management of the Authority's financial affairs, including the management of the Finance Section, preparation of the three year Financial Strategy, annual budgets and statements of accounts, monthly management statements, cash flow and the investment of surplus funds, and ensuring that all internal systems and controls are maintained accurately and efficiently, in accordance with statutory requirements and nationally and locally agreed standards of practice.
- 5.5 **The Solicitor and Monitoring Officer** is responsible for promoting and maintaining high standards of financial and other conduct in the Authority and for reporting any breaches of the law or maladministration.
- 5.6 **Directors and Section Heads** are responsible for ensuring that there is appropriate budgetary provision for all activities carried out within their Directorate or Section, that staff are aware of and comply with Financial Regulations and Standing Orders Relating to Contracts at all times, and that any matters which arise which have or are likely to have significant financial implications are reported to the Chief Financial Officer in order that appropriate corrective action can be taken.

6 Accounting Arrangements

- 6.1 The Chief Financial Officer is responsible for ensuring that there are appropriate systems in force for keeping the accounts and financial records of the Authority and that the Authority's annual financial accounts and reports are prepared to meet statutory requirements. The Chief Financial Officer must also approve the accounting systems and accounting records in use, and any significant changes to these arrangements.
- 6.2 Accounting procedures will reflect recommended professional practices, and follow accounting principles determined from time to time by the Chief Financial Officer, in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) standards of practice, International Financial Reporting Standards (IFRS), the Financial Grant Memorandum issued by Defra under which grant funding is paid and instructions and advice received from Defra and the Authority's auditors.
- 6.3 Accounting procedures will be reviewed as necessary by the Chief Financial Officer in consultation with the Chief Executive to ensure that they provide the information required without duplication of records.
- 6.4 The Chief Executive must examine and certify where required any submission, estimate or claim for payment of grant by a Government Department or funding from any other body. Officers responsible for the administration of such grants, funds and spending associated with them must ensure compliance with the conditions of the grant/funding.
- 6.5 The Chief Executive must examine and certify where required any financial return to a Government Department or other body.

7 Budgeting Process

- 7.1 The Chief Executive, in conjunction with the Chief Financial Officer, will ensure that there is in place an appropriate process and timetable to ensure that budgets are prepared in a timely manner, that this is communicated to all senior managers and budget holders, and that progress in preparing the budgets is monitored.

8 In year Financial Reporting

- 8.1 It is the responsibility of the Chief Financial Officer to ensure that budget managers are provided with monthly management statements from month 3 (June) onwards.
- 8.2 The most current financial report highlighting major variance and areas of concern must be provided to the Broads Authority, Navigation Committee and Financial Scrutiny and Audit Committee at each meeting.

9 Year End Accounting

- 9.1 The Chief Financial Officer is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with the "Code of Practice on Local Authority Accounting in the UK" (CIPFA). The Broads Authority is responsible for approving the carrying forward above £1,000, from one year to another of any under spending on budget headings. The Authority's final financial position as presented in the annual

Statement of Accounts will be approved by the Broads Authority once reviewed by the Financial Scrutiny and Audit Committee.

Financial Planning and Control of Expenditure

The importance of this area is in the need for sound financial planning, monitoring and control of resources. Sound budget management is crucial to informing good decision making and achieving best value in the use of the Authority's resources.

10 Policy Framework

- 10.2 The Authority is responsible for agreeing the Authority's framework and budget. In terms of financial planning the key elements are:
- the Authority's purposes as set out in the Norfolk and Suffolk Broads Act 1988, as amended by the Broads Authority Act 2009;
 - the Broads Plan;
 - the Authority's Business Plan;
 - the Financial Grant Memorandum;
 - the annual revenue budget and three year Financial Strategy;
 - the Capital Strategy and annual Capital Programme; and
 - the Treasury and Annual Investment Strategy and Prudential Indicators (limits for external borrowing, other long term liabilities and related matters).

11 Revenue Budget Preparation

- 11.1 The Chief Executive, in consultation with the Chief Financial Officer, is responsible for ensuring that a revenue budget for the coming year and a three year Financial Strategy for at least the two subsequent financial years is prepared for consideration by the Broads Authority.
- 11.2 The Chief Financial Officer, in consultation with the Directors, is responsible for providing guidance on the general format of the budget.
- 11.3 The Chief Executive will submit a Budget and Financial Strategy to the Broads Authority for approval by 31 March each year.
- 11.4 The Chief Executive, in consultation with the Chief Financial Officer, is responsible for reporting to the Authority on the robustness of estimates contained within the budget and adequacy of reserves allowed for in the budget proposals.

12 Resource Allocation

- 12.1 The Chief Executive is responsible for developing and maintaining a resource allocation process that ensures that both capital and revenue expenditure plans take account of the Authority's policy framework and changing priorities within that.
- 12.2 It is the responsibility of the Chief Executive and Directors to ensure that the revenue and capital budget estimates reflect the priorities and goals in the Broads Plan and Business Plan, and that agreed service plans are in line with the Financial Strategy and capital strategy.

13 Maintenance of Reserves

- 13.1 The Broads Authority will determine the levels of reserves that are considered to be prudent and necessary. This decision will be taken having regard to the advice of the Chief Financial Officer and the Chief Executive, and will be based on an annual risk assessment.
- 13.2 The three year Financial Strategy should be drawn up having regard to the need to either reach or maintain the recommended level of reserves.

14 Revenue Budget Management and Control

- 14.1 It is the responsibility of the appropriate Director to manage and control each of the Directorate's budgets under their management.
- 14.2 The appropriate Director must ensure that there is a designated officer (the Budget Holder) accountable to them for the detailed management of each budget and notify the Chief Financial Officer of those so designated.
- 14.3 Directors will jointly carry out regular budget monitoring and reporting to identify financial problems and recommend to the Chief Executive action necessary to resolve them.
- 14.4 Monitoring reports setting out potential or actual service financial problems and key issues will be made to the Financial Scrutiny and Audit Committee, the Broads Authority and the Navigation Committee as appropriate at each of their meetings.
- 14.5 At the end of each financial year, where there is an underspend within a budget, the Chief Financial Officer will collate a list of carry-forward requests for consideration by the Management Team. Where these underspends are individually below £1,000 (under £5,000 in total) they will be agreed by Management Team. For those items above £1,000 they will be presented to the Broads Authority for approval. After the appropriate level of approval these will be carried forward into the following year.
- 14.6 The Authority's final financial position as presented in the annual Statement of Accounts will be approved by the Broads Authority.
- 14.7 As required by the Broads Authority Act 2009, the Chief Financial Officer will produce, as soon as reasonably possible after the end of the financial year, a statement showing the navigation income received by the Authority and the navigation expenditure incurred during the year.

15 Monitoring and Control of Affordable Borrowing

- 15.1 It is the responsibility of the Chief Financial Officer, to develop and maintain systems to monitor performance against prudential indicators. Reports on performance against indicators including early warning of any possible breach of any prudential indicator should be made to the Financial Scrutiny and Audit Committee as appropriate.

16 Authority to Incur Revenue Expenditure

- 16.1 No expenditure shall be incurred nor any reduction in income authorised unless such expenditure or reduction in income is:

- (a) covered by the annual or latest approved budgets agreed by the Authority;
- (b) related to approved carried forward budget from the previous year; or
- (c) covered by a virement.

17 Virements

- 17.1 A virement is a transfer of budget from one budget heading to another within a financial year, where a budget is to be used for a different purpose than originally approved.
- 17.2 Virements of up to £10,000 within any financial year may be approved by Directors between main budget headings under their responsibility. All such virement requests must be made on a virement approval form, duly signed by the appropriate Director and be forwarded to the Chief Financial Officer for the budget to be updated.
- 17.3 Virements between £10,001 and £19,999, may also be approved by Directors between main budget heads under their responsibility. Again this must be made on a virement approval form, duly signed by the appropriate Director and countersigned by the Chief Executive, and be forwarded to the Chief Financial Officer for the budget to be updated.
- 17.4 Virements in excess of £20,000, or between Directorates, must be reported the Broads Authority for approval.
- 17.5 It will not be a virement, and approval is not required, where a budget transfer relates to a movement for the purposes of budget restructuring (i.e. where there is no change to the use to which the budget is being put).

18 Preparation of the Capital Programme

- 18.1 All capital expenditure must be in accordance with the Authority's Annual Investment and Capital Financing Strategy and driven by its Asset Management Strategy.

19 Capital Receipts

- 19.1 The sale or disposal of any land, buildings, vehicles, vessels or equipment which was valued at the time of acquisition over £5,000 is considered to be a capital receipt. Particular rules must be observed in dealing with the proceeds and they must not be confused with revenue income such as fees and charges.
- 19.2 The Chief Financial Officer and the Authority's Asset Officer must be informed of all proposed or possible sales or disposals of land, buildings, vehicles, vessels or equipment so that the effect on financial and property management can be assessed.

20 Leasing

- 20.1 All acquisitions and disposals of land, property or other assets must be carried out in accordance with the Authority's Asset Management Strategy and be authorised by the Chief Executive.

20.2 Officers negotiating and committing the Authority to any leasing arrangement shall consult with the Chief Financial Officer and the Asset Officer prior to finalizing any lease arrangement. Once completed, they will furnish the Chief Financial Officer and the Asset Officer with details of the income to be received, the parties to the lease and the term of the lease, along with signed copies of the lease agreement.

Risk Management and Control of Resources

21 Risk Management

- 21.1 The Financial Scrutiny and Audit Committee is responsible for monitoring the effective development and operation of risk management within the Authority, and for reviewing the Strategic Risk Register.
- 21.2 The arrangements for the day to day management of risk are set out in the Risk Management Strategy. The Solicitor and Monitoring Office is responsible for ensuring that this Strategy is regularly reviewed and updated, and that the arrangements set out in the Strategy are promoted throughout the Authority and implemented.
- 21.3 The general controls for risk management are:
- Procedures are in place to identify, assess, prevent or contain material known risks and the procedures are operating effectively throughout the Authority.
 - A monitoring process is in place to review the effectiveness of risk reduction strategies and operation of these controls.
 - Managers know which risks they are responsible for managing and are provided with relevant information.
 - Provision is made for any losses that might result from the risks that remain.
 - Claims are investigated within a given time scale.
 - Acceptable levels of risk are determined and insured against where appropriate.
 - The Authority has identified business continuity plans in the event of a disaster that results in significant loss or damage to its resources.

22 Internal Control

- 22.1 Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes the economic, efficient and effective use of resources and that the Authority's assets are safeguarded.

23 Systems of Internal Control

- 23.1 The Chief Executive is responsible for advising on effective systems of internal control.
- 23.2 These arrangements need to ensure compliance with all applicable statutes and regulations and other relevant statements of best practice.
- 23.3 Directors are responsible for establishing sound arrangements for planning, appraising, authorising and controlling their operations to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial and non-financial performance targets.

23.4 The Solicitor and Monitoring Officer shall prepare an annual statement of the effectiveness of the Authority's system of internal control incorporated into the Annual Governance Statement. This statement will be published as part of the Annual Statement of Accounts and will be approved by the Broads Authority.

24 Security

24.1 The Chief Executive is responsible for maintaining proper security at all times for all buildings, stocks, stores, vehicles, furniture, equipment, cash and any other assets for which the Authority is responsible.

24.2 Maximum limits for cash holding at Authority locations should be established by the Chief Financial Officer and adequate insurance should be put in place to cover any loss up to those values.

24.3 Employee responsibilities in respect of the use of all ICT equipment and accessories are set out in the ICT Usage and Security Policy (Human Resources Policy Note No. 18). All members of staff are required to indicate, either by signature or electronically, that they have read and understood the Policy and agree to be bound by its terms.

25 Money Laundering

25.1 Although the Authority is currently exempt (based on its current activities) from the Money Laundering Regulations 2017 it is required to report any suspicions of money laundering as soon as possible to National Crime Agency (NCA) by submitting a Suspicious Activity Report (SAR). Due to the size of the Authority it is considered disproportionate to appoint a specific Money Laundering Officer. Officers who have suspicions of money laundering should use the process set out under section 36 Irregularities.

25.2 In order to minimise the Authority's exposure it has been decided to limit the cash accepted in a single transaction to £1,000. Customers who wish to pay more than this amount should do so by cheque, card or bank transfer.

256 Separation of Duties

256.1 The following principles shall be observed in the allocation of accounting duties:

- the duties of providing information regarding sums due to or from the Authority, and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;
- officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

267 Retention of Records

276.1 Accounting and other records must be retained for periods that comply with relevant legal requirements. Detailed standards are contained within the Authority's Document Management, Retention and Disposal Policy.

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278 Investments and Treasury Management

- 278.1** All investments of money shall be made in accordance with the Authority's Annual Investment Strategy, which is prepared by the Chief Financial Officer in accordance with the Prudential Code and approved by the Broads Authority before the start of each financial year.
- 278.2** The Chief Financial Officer is responsible for the investment of surplus monies. All such investments shall be carried out under the overall direction of the Chief Financial Officer, The Chief Financial Officer will report on the performance of the investments to the Financial Scrutiny and Audit Committee on a six monthly basis.

289 Estates

- 289.1** The Asset Officer will ensure that a register of all land and buildings owned by the Authority is maintained which states, where appropriate, the location, extent, plan reference, purchase details, particulars of nature of interest and rent payable.
- 298.2** The Asset Officer will also ensure custody of all title deeds under secure arrangements.

2930 Sale of Assets

- 2930.1** The Chief Financial Officer is authorised, in consultation with the Chief Executive, to write off any obsolete stores or equipment, or loss of property not exceeding £25,000. The Chief Executive is authorised to write off any obsolete stores or equipment, or loss of property not exceeding £5,000.
- 2930.2** The Chief Executive may make arrangements for the disposal of surplus items (excluding land, buildings and leased items) with an estimated market value of up to £10,000. For surplus items above £10,000 approval must be obtained from the Authority and the disposal must be via the method which is judged most likely to achieve the best consideration for the Authority. This includes public auction (including eBay or an alternative online auction method), disposal by way of a specialist broker or intermediary, or by sealed bid after public advertisement.
- 2930.3** The Chief Executive is authorised to make arrangements for the disposal of land and property to a maximum value of £25,000, in accordance with advice from the Authority's Property Advisers.

301 Stocks and Stores

- 301.1** Directors shall be responsible for the care and custody of the stocks and stores within their Directorate.
- 301.2** Items that will be considered as stock are items purchased that can only be consumed once. Items such: salvaged as spares, part consumed liquids or off cuts of wood will not be included. Stocks shall not be in excess of normal requirements except in special circumstances.
- 310.3** The Chief Financial Officer shall arrange for independent periodical test examinations of stocks and shall ensure that stocks are checked at least once every year on 31 March.

301.4 The stocktaking must be attended by a member of the Finance Department and the person responsible for the stores nominated and both the person taking the stock and the person supervising must certify the stock sheets.

301.5 The Chief Financial Officer shall be entitled to receive such information as he/she requires in relation to stores for accounting, costing and financial records. Surplus materials, stores or equipment shall be disposed of by competitive tender or public auction unless the appropriate officer, in consultation with the Chief Financial Officer, decides otherwise in a particular case.

312 Inventories

312.1 An inventory shall be maintained by the Chief Financial Officer which shall record an adequate description of all furniture, fittings and equipment, plant and machinery belonging to the Authority.

312.2 The Chief Executive shall be responsible for maintaining a regular check of all items shown on the inventory and for taking action in relation to surplus or deficiencies and noting the inventory accordingly. Items with a value of £1,000 or more and those items which it is considered could be easily re-sold, shall be checked annually, with other items checked not less frequently than every other year.

312.3 The Authority's property shall not be removed otherwise than in accordance with the ordinary course of the Authority's business or used otherwise than for the Authority's purpose except in accordance with specific directions issued by the Chief Executive.

323 Insurance

323.1 The Authority faces many risks of different kinds in carrying out its functions.

323.2 Regulations here are designed to protect the interests of the Authority, its staff and the people it serves.

323.3 The Chief Financial Officer is responsible for managing the Authority's policy of insurance. Directors must notify the Chief Financial Officer promptly of all new risks or assets which may need to be insured, and of any alterations affecting existing risks or insurances indicating the amount of cover required.

323.4 Any event which gives rise to a claim under any policy of insurance must be notified immediately to the Chief Financial Officer, who will make arrangements to deal with all claims. Any loss, liability or damage or any event likely to lead to an insurance claim should be reported to the police.

323.5 Any officer who uses his/her own motor vehicle on Authority business is required to insure against third party risks in such form as to indemnify the Authority against claims arising, and the policy, including any necessary endorsements and renewal receipts, must be produced for inspection if so required. Directors are responsible for acquainting officers under their control of the foregoing requirement.

323.6 The Chief Executive shall consult the Chief Financial Officer in respect of the terms of any indemnity which the Authority is requested to give.

334 Ex Gratia and Other Payments

334.1 Ex-gratia payments are made in situations where no legal obligation exists.

334.2 The Chief Executive is authorised to:

- reimburse the costs of damage to an employee's personal property up to a maximum of £5,000 in any one case, provided he/she is satisfied that the damage was caused as a result of the employee pursuing Authority business;
- authorise the payment of any ex gratia payments or honoraria to employees up to a maximum of £5,000; and
- in consultation with the Solicitor, approve payments of up to £5,000 to complainants who have suffered a direct identifiable loss as a result of the Authority's actions.

334.3 The Chief Executive is authorised to agree the payment of any severance or settlement payments to former employees up to a maximum of £5,000.

345 Gifts and Hospitality

345.1 All members of staff must comply with the guidance on the receipt of gifts and hospitality as set out in the Code of Conduct for Employees (Human Resources Policy Note No. 2).

356 Irregularities

356.1 All Officers and Members are responsible for giving immediate notification to the Solicitor and Monitoring Officer, Directors or Chief Financial Officer where there are grounds to suggest any financial impropriety or irregularity concerning income, expenditure, cash, stores, or other property of the Authority or held by the Authority.

356.2 The same applies to any suspected irregularity in the exercise of the functions of the Authority (corruption). Further guidance can be found in the Authority's Counter Fraud, Corruption and Bribery Strategy, and in the Whistleblowing Policy (Human Resources Policy Note No. 15).

356.3 Where, upon investigation, it is believed that reasonable grounds exist for suspecting that a loss may have occurred as the result of misappropriation or fraud, the matter shall be reported to the Chief Executive, Solicitor and Monitoring Officer (if not already advised) and Chief Financial Officer for a decision on whether the circumstances warrant investigation by the police.

356.4 Where, upon investigation, it is believed that a loss has occurred as a result of waste, extravagance or maladministration, or that no loss has occurred, the matter shall be reported to the Chief Executive, Solicitor and Monitoring Officer (if not already advised) and Chief Financial Officer for a decision on whether any further action is required.

367 Audit Requirements

367.1 The Authority has a statutory responsibility to maintain an effective and adequate system of internal audit. Financial Regulations in this area are therefore important to

provide a formal framework for the activities of the internal audit team. There are also statutory requirements in respect of external audit and other inspection agencies.

Internal Audit

367.2 The Authority is required to maintain an adequate and effective internal audit function in accordance with the Accounts and Audit Regulations 2015 and to comply with all significant aspects of the Public Sector Internal Audit Standards. Overall control of the internal audit function is the responsibility of the Head of Internal Audit, in consultation with the Chief Financial Officer, Chief Executive and other officers as appropriate.

367.3 The Head of Internal Audit will provide an annual report and opinion, a summary of internal audit activity and the level of assurance it can give to the Financial Scrutiny and Audit Committee. The Financial Scrutiny and Audit Committee will review the effectiveness of the system of internal audit on an annual basis, in order to support the Annual Governance Statement.

367.4 The primary roles of internal audit are:

- to objectively examine, evaluate and report on the adequacy of the control environment within the Authority; and
- to assist managers in preventing and detecting fraud and abuse.

367.5 The Head of Internal Audit, or his/her authorised representatives may, for the purposes of audit:

- enter, at all reasonable times, any premises or land and have access to all property in the keeping or ownership of the Authority;
- have access at all times to all records, documents and correspondence relating to all financial and other transactions of the Authority or non-official funds operated by staff of the Authority;
- require and must receive any explanations as are necessary;
- require any employee of the Authority to produce cash, stores or any other property of the Authority or that of an unofficial fund under his control;
- remove records, documents or assets required for further investigation.

External Audit

367.6 External Audit is currently provided by Ernst and Young LLP under transitional arrangements from the Audit Commission. The Local Audit and Accountability Act makes provision for Authorities to appoint their own local auditor from 2018/19. The Authority has joined the Public Sector Audit Appointments (PSAA) national scheme who will appoint auditors on behalf of those Authorities opted in. This currently stands at 98% of Local Authorities and contracts will be made for a period of 5 years. The outcome of this appointment will be made no later than 31 December 2017.

378 Contracts for Building Construction or Engineering Works

- 378.1** All contracts must be awarded in accordance with the Authority's Standing Orders Relating to Contracts.
- 378.2** Where contracts provide for payment to be made by installments, the Chief Financial Officer shall arrange for the state of account to be recorded in the accounting computer system maintained in the Finance Department.
- 378.3** Payments to contractors on account of contracts shall be made only on a certificate issued by the supervising architect, engineer or consultant or other duly authorised officer as appropriate.
- 378.4** Subject to the provisions of the contract in each case, every extra or variation shall, unless otherwise evidenced to their satisfaction, be authorised in writing by the supervising architect, engineer or consultant, or other duly authorised officer.
- 378.5** Any such extra variation, the estimated additional cost of which exceeds by 10% the approved contract sum, shall be reported to the Broads Authority or appropriate committee as soon as practicable.
- 378.6** The final certificate of completion of any contract shall not be issued until the appropriate officer, private architect, engineer or consultant has produced to the Chief Financial Officer a detailed statement of account, and all relevant documents if required.
- 378.7** The Chief Financial Officer shall, to the extent considered necessary, examine final accounts of contracts and shall be entitled to make all such enquiries and receive such information and explanations as may be required as to the accuracy of the accounts.
- 378.8** Claims from contractors in respect of matters not clearly within the term of any existing contract shall be referred to the Chief Financial Officer for consideration of the Authority's legal liability and, where necessary, for financial consideration before a settlement is reached.
- 378.9** In any case, where the total cost of any work carried out under a contract exceeds by more than 10% the approved contract sum, a report of such cost shall, after agreement of the final account, be submitted to the Broads Authority or appropriate committee.

Systems and Procedures

This area forms much of the routine financial business of the Authority and involves large numbers of transactions and staff. This area will be of interest to many people and it is important that such a major area of activity is clearly regulated and those regulations are supported by thorough detailed standards.

389 Purchasing Arrangements

- | **389.1** Directors must ensure and be able to demonstrate that the Authority obtains value for money in purchasing activity and that purchasing accords with corporate and service priorities, and that where possible purchasing is sustainable in nature.
- | **389.2** Where any goods or a service involves tendering or contracts, these arrangements must conform to the requirements set out at in the Authority's Standing Orders Relating to Contracts.
- | **389.3** The most effective and sustainable purchasing arrangements must be used and must always be in compliance with the Authority's Procurement Strategy. For example:
 - low cost items (less than £25) may be purchased through an imprest account (Petty Cash); and
 - low value, low volume purchases may be made via a Credit Card.
- | **389.4** The Chief Financial Officer must ensure that e-business / purchasing processes maintain the security and integrity for transacting business electronically and must approve the introduction of such systems.
- | **389.5** In accordance with the relevant codes of practice, every officer and member of the Authority who is involved in contractual or purchasing decisions and issuing payments on behalf of the Authority has a responsibility to formally declare any links or personal interests which they may have with purchasers, suppliers or contractors and in respect of partnership arrangements.
- | **389.6** The Chief Financial Officer is responsible for ensuring that Related Party Transactions involving the award of contracts following a tender process to members of the Authority or the Navigation Committee are reported to the Authority in advance of any such contract being let. This will be via the regular reporting undertaken to the Authority within the Financial Performance and Direction report or, in cases of urgency, by email, as judged necessary by the Chief Financial Officer.

3940 Orders for Goods and Services

- | **3940.1** Directors are responsible for the control and use of all orders and requisitions within their Directorates and for access to the systems that generate them in accordance with the detailed standards below.

- | **3940.2** Orders should only be raised using the official purchase order and requisition pads as supplied by the Finance Department.
- | **3940.3** Directors are responsible for:
- The control and use of all purchase orders and requisitions.
 - Ensuring safe custody of unused orders.
 - Ensuring every order is dated and signed by an authorised officer.
 - Ensuring every order clearly specifies the standards, quality and quantity of goods and services required.
 - Ensuring every order states the agreed price or contract terms and times of delivery.
 - Ensuring every order is in compliance with the instructions relating to procurement.
 - An authorised second level signature is required in respect of payment for any order over the value of £5,000.
- | **3940.4** Directors and budget managers are responsible for ensuring that budget provision exists for all purchases and commitments created.
- | **3940.5** Yellow copies of purchase orders or requisitions will be forwarded to the Finance Department within two working days of being raised. Full details of the process for completing the forms are available on the Finance Intranet pages.
- | **3940.6** For orders placed by telephone, email, internet or verbally, the Director is responsible for ensuring systems are in place to ensure the person placing the order has the appropriate authority and that the Authority receives the goods that have been ordered.
- | **3940.7** A paper purchase order or requisition must still be raised for these transactions.
- | **3940.8** Orders are required for all purchases except:
- rents;
 - rates and water charges;
 - gas and electricity;
 - telephone charges;
 - goods/services covered by a formal fixed term contract;
 - small items purchased from Petty Cash; and
 - items purchased via a Company Credit Card.
- | **3940.9** Members of staff are not permitted to purchase goods privately under the Authority's contract arrangements or solicit preferential treatment in a private capacity from the Authority's suppliers.
- | **3940.10** A copy of each order received by the Finance Department shall be scanned and retained as part of the electronic policy of the Authority.

401 Payment of Accounts

- 401.1** The officer who issues the order shall be responsible for approving the invoice for payment (first approver). By approving the invoice that officer is certifying that:
- the invoice relates to goods or services that the Authority has received;
 - the goods or services are of the quality and quantity ordered;
 - the invoice does not relate to goods or services that have previously been charged to the Authority;
 - the expenditure is allocated to the correct financial code; and
 - sufficient budget provision exists to meet the value of the invoice.
- 401.2** A second approval will be required for each invoice.
- 401.3** A full list of second approvers and the appropriate authorisation limits is available on the Finance Intranet pages. The second level approval process must always include the relevant budget holder for the budget to be charged. This may mean that there are multiple second level approvers for some transactions.
- 401.4** The Finance Department will hold the central authorised signatory list along with specimen signatures. Directors must ensure that they notify the Chief Financial Officer of any required additions or deletions to this list and in turn the Chief Financial Officer must ensure that these changes are approved by the Management Team and that an appropriate record is maintained of this decision.
- 401.5** In exceptional circumstances payment may be required in advance of the supply of goods or services, though this is not best practice. In such situations either a pro-forma, Cheque Request Form or BACS Request Form must be completed, signed by the appropriate budget manager and given to the Finance Department for processing.
- 401.6** The budget manager must take extra care in such transactions and ensure that:
- only reputable suppliers are used;
 - the amounts of such payments are appropriate to be paid in advance and do not present unnecessary risk;
 - all other reasonable steps are taken to protect the Authority from risk and potential loss; and
 - a VAT receipt or invoice is received from the supplier in order to comply with VAT regulations.
- 401.7** Officers must ensure that valid payments are processed in sufficient time to meet payment deadlines and to avoid late payments and avoid potential penalties being incurred. Late payment legislation (Statutory Instrument 2013 No. 395 The Late Payment of Commercial Debts Regulations 2013) requires UK public authorities to pay valid invoices within 30 calendar days of receipt. Where these timescales are not met, the Authority is obliged to automatically pay:
- the outstanding amount;

- daily interest for every day the payment is late based on an interest rate 8 percentage points above the Bank of England's reference rate; plus
- a fixed amount, depending on the size of the unpaid debt (up to £999.99: £40; between £1,000.00 and £9,999.99: £70; £10,000 or more: £100).

| **401.8** The use of Direct Debits and Standing Orders as payment methods requires the prior agreement of the Chief Financial Officer.

| **401.9** The Authority's preferred method of payment of accounts, grant-aid and other contributions is via the BACS payment system. Officers should therefore endeavour to obtain the required banking details from third parties in all instances. Forms are available from the Finance Department.

| **401.10** All cheques shall be ordered only on the authority of the Chief Financial Officer, who shall make proper arrangement for their safe custody.

| **401.11** Cheques on the main bank account require two authorised signatures. Details of who these signatories are can be found within the List of Authorised Signatures located on the intranet.

| **412 Company Credit Cards**

| **412.1** The Chief Financial Officer shall ensure that proper arrangements are made for the administration of Company Credit Card(s).

| **412.2** The Chief Financial Officer shall issue cards where circumstances require, once approval has been given by the appropriate Director and the Chief Executive.

| **412.3** Any orders raised and paid for using a Company Credit Card must be accompanied by a Credit Card Request form. It is the responsibility of the card holder to ensure that the person requesting the payment has completed the Credit Card Request form prior to payment being made.

| **412.4** All cards must be kept as securely as possible, not be left unattended and must be used by the card holder only. The card holder is responsible for any payments made with cards issued in their name.

| **412.5** The standard credit limit for any credit card will be set at £3,000 unless otherwise approved by the Chief Executive. The maximum limit for any credit card will be £5,000.

| **412.6** It is the responsibility of the person requesting payment to be made to ensure that a VAT receipt or invoice is received from the supplier. Failure to do this will mean that the Authority is unable to reclaim the VAT and the budget will be charged for the gross cost of the supply.

423 Fuel Cards

- 423.1 Fuel cards are issued in respect of all vehicles used for Authority purposes and must be stored securely with the vehicle keys when not in use.
- 423.2 Users should ensure that these cards are kept in a safe location and should report any loss of cards immediately to the Chief Financial Officer who will ensure its cancellation.
- 423.3 Fuel cards should only be used for the purchase of fuel for Authority vehicles.

434 Salaries, Wages and Pensions

- 434.1 The payroll function of the Authority is performed by Norfolk County Council.
- 434.2 The HR Department is responsible for ensuring that the payroll provider is provided with such information as is necessary to ensure that accurate payments are made, including details of all starters and leavers and of any relevant amendments to terms and conditions of employment.
- 434.3 All timesheets must be completed using the appropriate forms supplied by the HR Department and once completed should be approved by the appropriate budget manager. Those staff authorised to sign timesheets are detailed on the Authorised Signatory List which can be found on the Finance Intranet pages.
- 434.4 The Chief Financial Officer must ensure that only currently employed members of staff are paid in the monthly payroll and that any anomalies are first raised with the Head of Human Resources. If these cannot be resolved they should be escalated to the Chief Executive.

445 Staff Travel, Subsistence and Expense Claims

- 445.1 General travel, subsistence and expense claims should be made using the Expenses Claim Form which can be found on the Human Resources Intranet pages.
- 445.2 Receipts for subsistence and expenses must be obtained and attached to the back of the claim form.
- 445.3 All claim forms must be signed by the claimant and authorised by their line manager.
- 445.4 All forms must be forwarded to the Human Resources Department by no later than 5.00pm on 23rd day of the month, to ensure payment within the following month's pay.
- 445.5 Exceptional expense claims for direct payment by the Finance Department may be made using the separate Expenses Claim Form which can be found on the Finance Intranet pages.
- 445.6 Officers' claims submitted more than six months after expenses were incurred will be paid only with the express approval of the Chief Executive.

456 Members Allowances, Travelling, Subsistence and Expense Claims

- 456.1 Payments to members, including co-opted members of the Authority or its committees who are entitled to claim travelling or other allowances, will be made upon receipt of the completed prescribed form.

456.2 Claims should be submitted within six months of the expense being incurred.

467 Rail Travel and Hotel Accommodation

467.1 Where possible all rail travel should be booked using the Authority rail account to ensure cost effective ticket purchasing and assist with establishing the Authority's annual rail travel usage.

467.2 All rail travel bookings should be accompanied by a rail travel request form which should be given to the Finance Department after the booking is complete.

467.3 The Authority holds a Premier Inn account which should be used to make accommodation bookings where appropriate.

478 Income

478.1 Scales of charges for services and any allowances and any subsequent variations (except where fixed by statute) must be reviewed at regular intervals by the appropriate Director and agreed with the Chief Executive before submission to the Authority for approval.

478.2 The Asset Officer (or other appropriate officer nominated by him/her) must maintain a detailed record of operational and non-operational land and buildings in respect of which rent is or may be receivable, together with sufficient details of the terms of tenancy/usage to enable the correct amount of rents to be recovered.

478.3 The Chief Executive is authorised to write off any sum not exceeding £5,000 due to the Authority if he/she is satisfied that all reasonable recovery action has been taken to recover the sum due. The Chief Financial Officer is authorised to write off, in consultation with the Chief Executive, any sum not exceeding £25,000 due to the Authority if he/she is satisfied that all reasonable recovery action has been taken to recover the sum due. The prior approval of the Authority must be obtained to write off any sum in excess of £25,000.

478.4 The Chief Financial Officer must be consulted by Directors on any proposal to acquire any cash till or accounting equipment.

48.5 Section 25.2 provides details of the limit on cash transactions accepted by the Authority. Accounts should be settled by cheque (only from UK clearing banks) card or bank transfer in order to help traceability should a suspicion of money laundering be raised.

489 Invoicing Arrangements (Charging for Goods/Services)

489.1 The raising of all invoices to outside organisations (referred to as customers) must only be performed by the Finance Department who have a full understanding of the VAT situation for each charge to be made.

489.2 Any officer wishing to raise an invoice must do so by completing an Invoice Requisition Form and then passing this to the Finance Department. The Finance

Department has procedures that it should follow to ensure that all debts are paid. This consists of 'reminder' and 'warnings of legal action' letters.

489.3 For items where the Authority is required to make payment on a customer's behalf advance payment is required in to cover the cost of the purchase. This typically covers items such as memorial benches and external accreditation.

4950 Banking Arrangements

4950.1 The Chief Financial Officer is authorised to make arrangements regarding the Authority's bank accounts. All such bank accounts will be in the name of the Broads Authority.

4950.2 The Chief Financial Officer will ensure that monthly bank reconciliations are carried out in a timely manner for all of the Authority's bank accounts.

4950.3 Unless otherwise agreed by the Authority, officers authorised to collect Authority money must issue official receipts promptly and pay over all sums received to the Chief Financial Officer or by arrangement (for example in respect of the collection of Tolls income), to the Authority's bankers. All reasonable steps should be taken for the storage of cash, and should conform to the requirements imposed by the Authority's insurers.

4950.4 Each officer who receives money on behalf of the Authority must keep an accurate and chronological account of all receipts and deposits.

4950.5 Every transfer of Authority monies from one member of staff to another must be evidenced in the records of the Authority by the signature of the receiving officer.

4950.6 Receipts must only be issued on officially authorised receipt books, tickets and other documents of a similar nature which have been ordered and issued by, or under the direction of, the Chief Financial Officer. A record must be maintained of every issue of such documents.

4950.7 Any cheques or cash received at the Authority's Head Office must be logged into the cheque log as the post is opened. Once the Finance Department has received the cheques or cash they must initial the log to confirm that they have taken receipt of the cheques or cash.

4950.8 The Finance Department must ensure that they accurately record the details of any payments they receive and that they correctly establish whether the payment relates to a previously raised invoice.

4950.9 Money received or held on behalf of the Authority must be banked in full and not be used to cash personal or any other cheques whatsoever.

501 Controlled Stationery

501.1 The Chief Financial Officer will be responsible for the order and issue of controlled financial stationery, these being:

- Cheques;
- Purchase Orders;
- Requisitions;

- Receipt Pads; and
- Boat Trip and Yacht Station Tickets.

A record of all new stock received and issues made (and to whom) will be made by the Chief Financial Officer.

512 Petty Cash Systems

512.1 The Chief Financial Officer will issue petty cash floats for the purpose of reimbursing expenses.

512.2 No income received should be paid into a petty cash system. Such income should be banked into the Authority bank account using paying in books issued by the Finance Department, or by being passed to Finance for banking.

512.3 Reimbursement of expenses should be limited to expenditure under £25 unless otherwise authorised by the relevant Budget Holder and the Chief Financial Officer.

512.4 Officers responsible for petty cash systems must ensure that cash and receipts total the original floats issued at all times.

512.5 Such petty cash systems should be made available for inspection by the Chief Financial Officer as requested.

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