

5. FINANCIAL AND CONTRACT REGULATIONS

Section 23 of the Order states that:

1. *Sections 151 (financial administration) and 168 (financial returns) of the Local Government Act 1972 shall apply in relation to the Board as if the Board were a local authority for the purposes of those sections. The Board is required to comply with the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, and the formal guidance issued by the Joint Panel on Accountability and Governance (JPAG).*
2. *Subject to paragraphs (3) and (4) (below) the Board shall –*
 - (a) *keep a fund (to be known as the general fund) to which all income to the Board shall be carried and from which all expenditure discharging liabilities shall be met; and*
 - (b) *keep accounts of income and expenditure of the general fund.*
3. *The provisions of paragraph (1) (above) are without prejudice to any provision contained in any enactment or instrument requiring the Board to keep –*
 - (a) *specific fund or funds in respect of specified income and expenditure of the Board; and*
 - (b) *specific accounts in respect of specific income and expenditure of any funds of the Board.*
4. *Nothing in paragraph (2)(a) (above) shall be construed as requiring or authorising the Board to apply or dispose of surplus revenue arising from any undertaking carried on by them otherwise than in accordance with any enactment or instrument applicable to the undertaking.*

Responsibilities

1. The Board is responsible for ensuring the effective regulation and control of the finances of the Conservation Board for the Cotswolds AONB. This includes:
 - (a) Ensuring the solvency of the organisation;
 - (b) Developing a reserve fund to support future expenditure;
 - (c) Safeguarding the organisation's assets;
 - (d) Ensuring the effective and efficient use of the organisation's resources;
 - (e) Ensuring compliance with any regulatory body's performance standards;
 - (f) Ensuring that financial controls are in place and working effectively and that a statement of assurance is produced by the external auditors annually;
 - (g) Ensuring the organisation complies with any regulatory body's code of audit practice;
 - (h) Approving the organisation's strategic plans;
 - (i) Approving annual estimates of income and expenditure and approving the annual financial statements;
 - (j) Appointing the organisation's internal auditors; and

- (k) Approving these Financial & Contract Regulations and changes thereto, as it considers necessary for the proper control of the finances, accounts, income, expenditure and assets of the organisation.
2. The Executive Committee is accountable to the Board. The Executive Committee is responsible for the regular monitoring of the organisation's finances, including:
- (a) With the Chief Executive Officer and the Finance Officer, ensuring that the Board has adequate information to enable it to discharge its financial responsibilities;
 - (b) Examining annual budgets, presenting them to the Board and recommending their approval;
 - (c) Ensuring that short term budgets are in line with agreed longer term plans;
 - (d) Ensuring that budgets are followed;
 - (e) Deciding on financial matters within its delegated powers;
 - (f) Receive and act upon reports from internal and external auditors.
 - (g) Considering any other matter relevant to the financial duties of the Board and to make recommendations accordingly; and
 - (h) Recommending to the Board changes to these Financial & Contract Regulations.
3. The Chief Executive Officer is responsible for:
- (a) The operational management of the organisation's affairs;
 - (b) Reporting to the Executive Committee on the level of resources to be used in each financial year;
 - (c) Keeping the Executive Committee informed of the organisation's financial performance through the year;
 - (d) Ensuring that officers follow the Financial & Contract Regulations set by the Board; and
 - (e) Ensuring that officers are accountable for the security, custody and control of the organisation's resources, including cash and equipment.
4. The Functions of the Finance Officer are set out in Article 13.03 of the Constitution. The Finance Officer is accountable to the Chief Executive Officer for the administration and control of the organisation's finances, which includes:
- (a) Preparing the draft annual budget and accounts with the Chief Executive Officer;
 - (b) Presenting the budget and accounts to the Executive Committee and the Board;
 - (c) Preparing regular statements for the Chief Executive Officer and the Executive Committee;
 - (d) Liaising with the organisation's auditors;
 - (e) Monitoring the day to day running of the organisation's financial activity;
 - (f) With the Chief Executive Officer, maintaining an efficient system of internal control as set by the Board. (The principle of separation of duties must be built into financial procedures, where possible.)
 - (g) Debt management; and

(h) Grant management.

5. All members, officers and volunteers are responsible for observing the organisation's financial regulations and procedures.

Budgetary Control

6. A draft annual budget will be prepared as part of the business planning process in the autumn of each year and presented to the Executive Committee for consideration before submission to the Board for approval.
7. The Chief Executive Officer is accountable for the control of income and expenditure within the agreed core and project budgets.
8. Financial information comparing actual income and expenditure to the budgets will be provided by the Finance Officer to the Chief Executive Officer, in a format decided by the Chief Executive Officer, at a frequency determined by the Chief Executive Officer.
9. Regular, prompt and accurate records of the budgetary position shall be presented to the Executive Committee at quarterly meetings of the Executive Committee or the Board.
10. Virement will only be allowed where conditions of grants or donations permit and must be approved at the following levels:

Value of Virement	Level of Authority
£0 - £10,000	Chief Executive Officer
£10,001 - £50,000	Executive Committee
Above £50,001	Board

Banking

11. All bank accounts will be opened in the name of the Conservation Board for the Cotswolds AONB.
12. Bank accounts may only be opened or closed with the authority of the Board or the Executive Committee, on the signature of the Chief Executive Officer.
13. The Finance Officer is responsible for liaising with the organisation's bankers and shall ensure that bank mandates are kept up to date.
14. Cheques and electronic payments will be authorised by two different people in accordance with the delegation of the Chief Executive Officer and both officers authorising the payment will check that the payment is proper and in accordance with the budget.
15. The Finance Officer is accountable for ensuring that bank reconciliations are carried out regularly and at least monthly. The Finance Officer will inform the Chief Executive Officer of the results.

Investments

16. The Board operates in accordance with a Treasury Management policy which complies with the Chartered Institute of Public Finance Accounting (CIPFA) Local Authority Accounting Panel (LAAP) Bulletin number 99, issued in July 2014; and that the Board reviews the policy annually in the light of its changing financial circumstances.

Income

17. The Finance Officer shall ensure that financial controls are in place to ensure that all money received through the post or by hand is recorded and properly safeguarded.
18. Money received into the Board's merchant (PayPal) accounts shall be transferred to the Board's current account at least monthly, and / or when the balance exceeds £5,000.
19. All income should be banked intact. No deductions or payments may be made from any income collected on behalf of the organisation.
20. All statement, receipts and returns shall be securely filed (paper or electronic copy).
21. The Chief Executive Officer shall ensure the prompt claiming and receipt of all grant income and contributions from funding partners.
22. The Finance Officer will monitor outstanding debts and report to the Chief Executive Officer regularly.

Payments and Contracts

23. Project grants should be approved by the Executive Committee and authorised in accordance with the delegation of the Chief Executive Officer. The Executive Committee may delegate the approval of project grant payments for example to a steering group or grants panel.
24. Payments which are in line with the budget allocation must be approved by the Chief Executive Officer or an officer delegated by the Chief Executive Officer to have authority over the specified area of the Board's budget, the 'Budget Holder'.
25. Where a payment is likely to exceed the budget allocated for that expenditure, virement should be carried out in accordance with Regulation 10 above. Where this does not provide sufficient budget, it should not be completed until sufficient finance has been obtained and the payment authorised by the Chief Executive Officer, the Executive Committee or the Board in accordance with delegated powers.
26. Officers are not allowed to enter into contracts that commit the Board to expenditure beyond the current year without the express permission of the Chief Executive Officer.

27. All works, goods and services shall be ordered in the Board's name. All purchases should be made in accordance with the finance processes and procedures and promptly recorded on the accounting system.
28. Officers purchasing works, goods or services have a duty to seek value for money for the Board and the procedures listed below should be followed. The Finance Officer will report to the Executive Committee on an annual basis listing any procurements that have not been processed strictly in accordance with these Financial & Contract Regulations, along with a brief explanation.

Items with a value less than £2,000

The person purchasing the works, goods or services should use their best endeavours and judgement to seek value for money for the Board.

Items with a value of greater than £2,001 but less than £15,000

The officer should seek three quotations / prices. These may be taken from the supplier's catalogue, a price list, or from direct verbal or written communications with the supplier. The officer should consider the quality and the cost of the items to be supplied and recommend to the Chief Executive Officer the purchase that would most benefit the Board. Evidence of the quotations should be retained with the order.

Items with a value over £15,001

Formal written tenders should be sought from at least three suppliers, based on a written specification of the Board's requirements. These tenders should be evaluated against the specification and the most economically advantageous option recommended to the Chief Executive Officer.

29. The appointments of external consultants shall be the subject of written quotations and tenders which set out the scope of the work to be carried out, objectives to be achieved and the price to be paid.
30. The Chief Executive Officer will maintain a record of officers authorised to approve payment vouchers (e.g. invoices, starter forms and timesheets).
31. Payment vouchers will not be passed for payment without the approval of the Budget Holder, who should sign to evidence that s/he has checked that:
- (a) the goods, works or services have been received, examined and approved with regard to quantity and quality, services rendered or work done;
 - (b) invoice details (quantity, price and discount) are correct;
 - (c) the invoice is arithmetically correct;

- (d) the invoice has not been paid previously;
- (e) information required for internal Board records has been collected.

32. Payment vouchers with a value in excess of the Budget Holder's level of delegated authority should be passed up the chain of line management to be approved by an officer with a sufficient level of delegated authority. The second officer should sign to evidence that s/he has checked that the Budget Holder's checks have been carried out and that the payment is in accordance with the Board's budget and requirement.
33. Payment will only be made on an official, original invoice and not on statements or copy invoices without prior agreement of the Finance Officer or the Chief Executive Officer in his/her absence.

Capital or large-scale projects

34. All capital and large-scale schemes should have funding secured before any contract is signed or the scheme is commenced.
35. All capital schemes and large projects will require Board approval and will require a fully costed, funded and risk assessed plan including contingencies of 20%.
36. Schemes valued at more than £100,000 must be appraised by the Board's Finance Officer prior to submission to the Board.
37. Contracts will be let in accordance with applicable procurement regulations.
38. Selection of organisations to be invited to tender shall be decided by the Board.
39. Invitations to tender must include a full specification and conditions of tender, including the requirement to comply with any special requirements. Tenderers must be informed of the tender submission process and treated equally in all respects.
40. Tenders shall be returned in plain envelopes, marked only "Tender" and the name of the contract. They shall be held securely by the Chief Executive Officer until the time set for opening.
41. Tenders shall be opened by the Chief Executive Officer and the Chairman and prices recorded at the time of opening on a form signed by those witnessing the opening. All documents shall be retained.
42. Any tender returned after the deadline date, or not complying with the conditions of tender shall be disqualified. The reason for the disqualification shall be recorded at the time of its occurrence and the documentation signed by the Chief Executive Officer and the Chairman.
43. Tenders must be evaluated taking into account the price, the quality, the tenderer's capacity for fulfilling the contract, the financial status of the tenderer and the Board's budgetary provision.

44. Post tender negotiations before award of the contract should only take place if it has been established as a condition of the tendering process in advance. It should not be used to make fundamental changes to the specification or award criteria, but can be used, for example to improve discounts, payment terms, delivery dates, guarantees, etc. In conducting post tender negotiations the following must be adhered to:
 - (a) tenderers are informed in tender documentation that post tender negotiation may be used;
 - (b) at least two persons from the organisation are present at the negotiations
 - (c) a written record of the negotiations is kept.
45. Successful and unsuccessful tenderers must be informed of the award of the contract in writing.

Petty Cash

46. Where possible payment should always be made through the creditor system or claimed through the payroll. Only minor expenses shall be paid from petty cash.
47. The Finance Officer is accountable for ensuring that petty cash is controlled and balanced regularly (at least monthly) and the appropriate form completed to record expenditure and claim reimbursement.
48. Payments should be recorded (in a petty cash book or on the reimbursement claim form) as soon as they are made. All payments should be evidenced by a till receipt or similar voucher signed by the person making the purchase.
49. The petty cash float shall be drawn from the Board's bank account on an imprest system. Under no circumstances should the float be topped up from other sources.
50. The float should be kept in a secure place and the keys held by nominated officers.

Payroll

51. Remuneration of officers will only be made through the payroll and against posts authorised in the budgeted establishment approved by the Board.
52. Allowances and expenses claimed by Board members and volunteers will be paid through the payroll in accordance with the same rules that apply to officers' pay.
53. All monthly payments will be paid on the 20th day of the month. If this date falls on the weekend or a bank holiday, payment will be made on the nearest prior working day.
54. The Chief Executive Officer has accountability for notifying the payroll service provider of details of starters, leavers and other payroll information (including

additional hours, allowance or expense claims, NI numbers, bank details and P45s) within the deadline for making payment on the following pay day (usually 6th day of the month).

55. It is the responsibility of the payroll service provider to arrange tax, NI and pension contributions, and any other authorised deduction for each officer in accordance with national calculations and Inland Revenue deadlines. End of year returns will be completed by the payroll service provider in accordance with Inland Revenue deadlines.
56. The Finance Officer has accountability for liaising with the payroll service provider and for the distribution of payslips and other payroll documentation to individual members, officers and volunteers.
57. Claims for additional payments (e.g. allowances and expenses) must be completed and signed by the member, officer or volunteer claiming and approved by the line manager of the claimant. If the amount being claimed exceeds the line manager's level of delegated authority the approval should be passed up the line management chain and signed by an officer with the appropriate level of delegated authority. Claims will also be checked for accuracy before passing to the payroll service provider for payment.
58. Claims made by the Chief Executive Officer for additional payments should be approved by the Finance Officer.
59. Expenses should be claimed within one month, and under no circumstances more than three months, of the date of the expense being incurred.

Pensions

60. The Board is a scheduled body within the Local Government Pension Scheme through the Local Government Pension Scheme and Management and Investment Funds (Amendment) Regulations 2005. The Board is a member of the Gloucestershire County Council administered Local Government Pension Scheme.
61. As a member of the Gloucestershire County Council Pension Scheme, the Board will contribute to the Scheme at rates agreed from time to time with the County Council.
62. Officers in the Scheme will contribute to the Scheme by deduction from pay in accordance with the Scheme rules.

Insurance

63. It is the responsibility of the Board to ensure that the organisation is properly insured. Insurance policies will be negotiated by the Finance Officer with a reputable insurance supplier.
64. Insurance will be maintained to cover the following risks:
 - (a) Employers Liability

- (b) Public Liability
- (c) Contents
- (d) Specific risks (where appropriate)
- (e) Money
- (f) Libel and Slander
- (g) Motor Vehicles
- (h) Fidelity Guarantee
- (i) Professional Indemnity
- (j) Personal Accident for Volunteers
- (k) Trustee (Member) Indemnity
- (l) Business Travel
- (m) Business Interruption (in respect of the Board's Offices)

65. The Finance Officer will consult officers regularly to identify any new risks that require insurance or alteration to existing policies and report the Board's insurance arrangements and claims history to the Executive Committee.
66. Any claims should be made promptly and records should be maintained of claims against each policy.

Accounts and Audit

67. The Finance Officer shall determine the Board's accounting systems, form of accounts and supporting records in accordance with proper practice and the requirements of the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 or any subsequent amending legislation and any other relevant legislation.
68. The Finance Officer shall maintain an adequate and effective system of internal control and audit of the Board's accounting, financial and other operations in accordance with proper practice. The internal auditor shall be appointed by and shall carry out the work required by the Board in accordance with proper practices. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and shall have no involvement in the financial decision making, management or control of the Board. The internal auditor shall report to the Executive Committee in writing or in person on a regular basis with a minimum of one annual written report in respect of each financial year.
69. Any officer, member of the Board or volunteer shall, if the Finance Officer or internal auditor requires, make available such documents information and explanations which relate to their accounting and other records as appear to the Finance Officer or internal auditor to be necessary.
70. The Finance Officer shall ensure that the Board's annual accounts are completed in accordance with statutory requirements as soon as possible after the end of the financial year and shall present the accounts and any accompanying report to the Board by 30 June.
71. The Finance Officer shall ensure that arrangements are made for the annual external audit in accordance with statutory requirements and that the auditor is supplied with all necessary information to carry out the audit. The Finance

Officer shall bring to the attention of the Executive Committee any significant correspondence or report from the auditor (internal or external).

72. The accounts will be signed by the Chairman.
73. Whenever any matter arises which involves, or is thought to involve, irregularities involving the finances, property or functions of the Board, the Chief Executive Officer shall be informed immediately. The Chief Executive Officer shall inform the Chairman of the Board. The Chief Executive Officer shall investigate immediately and decide whether the investigation may be conducted internally (if there is no possibility of a crime having been committed) or reported to the police (if there is a possibility that a crime has been committed). The Chief Executive shall also inform any relevant external bodies, e.g. DEFRA, in accordance with contractual requirements. The Chief Executive Officer must report the outcome of his/her investigation to the Executive Committee. If appropriate, the matter may be dealt with under the Board's Disciplinary Procedures.

Security Procedures

74. All cash and cheques shall be held securely and in accordance with the limits set in the Board's insurance policy. Officers carrying out banking should vary the day and time of their visits to the bank.
75. The security of the Board's computer system will be managed via controlled access, password procedures, protective software and back-up procedures under the advice of the Board's IT suppliers.
76. Financial information (in paper or electronic form) shall be retained for seven years including the current year unless a longer term is required to satisfy the terms of a specific grant or contract.

Asset Register

77. An asset register will be maintained for financial control and accounting (depreciation) purposes. All assets shall be recorded in the register. All new assets and disposals should be recorded promptly.
78. Assets should be checked against the register annually. Any missing or damaged assets should be reported to the Finance Officer and investigated.
79. Assets which are damaged beyond use, missing or obsolete may be written off and or disposed of on the following authority:

Residual Value	Level of Authority
£0 - £5,000	Chief Executive Officer
£5,001 - £10,000	Executive Committee
Above £10,001	Board

80. The reason for the write off shall be recorded in the register.

Borrowing

81. Section 28 of the Order states that:

- (1) *Subject to paragraph (3) (below), the Board may, with the approval of the Secretary of State, borrow money -
 - (a) for any purpose relevant to their functions under any enactment, or
 - (b) for the purposes of the prudent management of their financial affairs.*
- (2) *The approval of the Secretary of State under paragraph (1) (above) may be given subject to conditions or limitations.*
- (3) *The Board may borrow by way of temporary loan or overdraft from a bank or otherwise such money as the Board may temporarily require for the purpose of meeting expenses pending the receipt of revenues receivable by them in respect of the period of account in which the expenses are chargeable.*
- (4) *A person lending money to the Board shall not be bound to enquire whether the Board have power to borrow the money and shall not be prejudiced by the absence of any such power.*

82. All borrowing must be effected in accordance with the Order, in the name of the organisation and authorised in advance by the Board.

Property

83. Land, Enforceability of Covenants Section 26 of the Order states that:

Section 33 of the Local Government (Miscellaneous Provisions) Act 1982 (enforceability by local authorities of certain covenants relating to land) shall have effect as if references to a principal council included references to the Board; and for the purposes of this paragraph the reference in section (1) of that section to section 111 of the Local Government Act 1972 shall have effect as a reference to the powers and functions on the Board.

84. Agreements as to incidental matters Section 27 of the Order states that:

- (1) *The Board may from time to time make agreements in consequence of this Order with any public body (within the meaning of Section 85(3) of the Local Government Act 2000) with respect to –
 - (a) any property, income, rights or liabilities (so far as affected by this Order) of the parties to the agreement; or
 - (b) any financial relations between those parties.*
- (2) *Such an agreement may provide –
 - (a) for the transfer or retention of any property, rights and liabilities, with or without conditions, and for joint use of any property;*

- (b) *for the making of payments by any party to the agreement in respect of –*
 - (i) *property, rights, liabilities transferred or retained;*
 - (ii) *the joint use of [property; or*
 - (iii) *remuneration or compensation payable to any person.*

(3) *In default of agreement as to any disputed matter, the matter shall be referred to the arbitration of a single arbitrator agreed by the parties or, in default of agreement, appointed by the Secretary of State; and the award of the arbitrator may make any provision which might be contained in an agreement under this Article.*

(4) *In paragraph 3 (above) “disputed matter” means any matter which might be the subject of provision contained in an agreement under this Article.*

85. *Miscellaneous transactions and powers Section 29 of the Order states that:*

(1) *The following provisions of the Local Government Act 1972 shall have effect as if the board were a principal council for the purposes of that Act and as if the Cotswolds Area of Outstanding Natural Beauty were the authority’s area –*

- (a) *section 132 (provision of premises for public meetings);*
- (b) *section 135 (contracts of local authorities);*
- (c) *section 136 (contributions to expenditure on concurrent functions);*
- (d) *section 139 (acceptance of gifts and property);*
- (e) *sections 140, 140A and 140C (insurance);*
- (f) *sections 141 (research and the collection of information) and 142 (provision of information, etc);*
- (g) *section 144 (power to encourage visitors and provide conference and other facilities); and*
- (h) *section 222 and 223 (conduct of prosecutions and participation in other legal proceedings).*

(2) *Section 38 of the Local Government (Miscellaneous Powers) Act 1976 (use of spare capacity of local authority computers) shall have effect as if the Board were a local authority for the purposes of the Act.*

(3) *Section 41 of the Local Government (Miscellaneous Provisions) Act 1982 (lost property) shall have effect as if the Board were a local authority for the purposes of the Act.*

(4) *Section 45 of the Local Government (Miscellaneous Provisions) Act 1982 (arrangements under the Employment and Training Act 1973) shall have effect as if the Board were a local authority to which the section applies.*