

**THE HIGHLAND AND ISLANDS
FIRE BOARD**

FINANCIAL REGULATIONS

INDEX

1. Scope and Observance
2. Responsibilities
3. Corporate Governance
4. Framework for Financial Administration
5. Review of Financial Regulations
6. Legal Interpretation
7. Accounting Procedures and Reporting
8. Capital Plans
9. Control of Capital Expenditure
10. Revenue Estimates
11. Control of Revenue Expenditure
12. Banking Arrangements
13. Contracts for Building Engineering and Associated works
14. Income
15. Insurance and Risk Management
16. Internal Audit
17. Internal Control and Authorisation
18. Inventories, Stores and Costing
19. Members Allowances and Expenses
20. Orders for Work Goods and Services
21. Partnerships and Other External Arrangements
22. Payroll, Travel & Subsistence and Pensions
23. Payment of Accounts, Grants, Contributions and Subscriptions
24. Performance Indicators
25. Petty Cash (Imprests)
26. Prevention and Detection of Fraud and Corruption

27. Property and Security
28. Receipt of Gifts, Gratuities and Hospitality ETC.
29. Retention of Financial Documents
30. Write-offs

Glossary of Terms

1. SCOPE AND OBSERVANCE

- 1.1 Section 95 of the Local Government (Scotland) Act 1973, (“the Act”) requires all Local Authorities in Scotland to have adequate systems and controls in place to ensure the “proper administration of their financial affairs”, including the appointment of appropriate officer (“the Proper Officer”) with full responsibility for their governance.
- 1.2 These regulations shall be known as “The Highland and Islands Fire Board” Financial Regulations. The Board, its Members and Officials shall observe these Regulations.
- 1.3 Any contravention of or potential non-compliance with these Regulations will be reported immediately to the Chief Fire Officer, who will discuss the matter with the Treasurer to determine any action to be taken.
- 1.4 These Regulations will be applied and interpreted in a manner which takes account of the obligations contained within the Board’s Contract Standing Orders and its Scheme of Delegation and any other form of policy guidance as may be issued.
- 1.5 It shall be the duty of the Chief Fire Officer to ensure that these Regulations are made known to the appropriate persons within the brigade.
- 1.6 It shall be the duty of all employees to adhere to these Regulations.

2. RESPONSIBILITIES

2.1 Service/Board

- 2.1.1 The Service through its Board will continuously strive to secure best value for money by way of economic, efficient and effective use of resources.
- 2.1.2 The Treasurer, in consultation with the Chief Fire Officer and the Head of Corporate Services, will advise the Service and Board on the financial implications of the Board’s activities.

2.2 Treasurer

- 2.2.1 These Financial Regulations detail the responsibilities of the Treasurer who has been appointed as the “Proper Officer”, of the Service, in terms of Section 95 of the Local Government (Scotland) Act 1973. The post holder is responsible for the proper financial administration of the Service’s affairs, and acts as financial adviser to the Service.
- 2.2.2 Any reference in these Regulations to the Treasurer includes those specifically authorised by him to undertake the various functions concerned.

2.3 Head of Corporate Services

- 2.3.1 The Head of Corporate Services will ensure that all relevant employees are aware of these Regulations and that they are fully complied with.
- 2.3.2 All actions affecting the Service’s finances should only be conducted by properly authorised employees.
- 2.3.3 Authorised persons will ensure that only expenditure within the legal powers of the Service is incurred. Where this is not clear, the authorised person will consult the Head of Corporate Services prior to incurring such expenditure. Similarly, the legality of expenditure relating to new service developments, initial contributions to other organisations and responses to new emergency situations will also be clarified prior to any related expenditure being incurred.
- 2.3.4 Department Heads will ensure that all spending within capital and revenue estimates conforms to proper accounting standards and will seek clarification of the proper classification, if required, from the Head of Corporate Services.

2.4 Personal Responsibilities

- 2.4.1 All elected Members and employees of the Service are responsible for ensuring that they use the equipment, materials and resources entrusted to them in a responsible and lawful manner. They should inform themselves of the Service’s requirements under these Regulations and other similar policies, for example the policy on the personal use of computer equipment.

- 2.4.2 If anyone is in any doubt as to their obligations, they should seek advice from their line Manager. Any unresolved questions of interpretation should be referred to the Head of Corporate Services.
- 2.4.3 All elected Members and employees of the Service should strive to achieve best value for money and avoid legal challenge to the Service. These responsibilities similarly apply when members or employees are representing the Service on external bodies and Joint Ventures.
- 2.4.4 In the course of their duties, Members and Officers will see financial and other materials of a confidential nature. There is a general responsibility that all such matters are not disclosed except to authorised personnel.
- 2.4.5 Members and Officers who serve in a decision-making capacity as members of outside bodies, whether Companies, Trusts or other Associations owe duties and responsibilities to those bodies which are separate and distinct from their duties owed to the Service. On occasions, it is likely that their duties owed to the outside body and to the Service will conflict. The Treasurer has approved guidance on this subject, entitled “Guidance to Members and Officers who serve on Outside Bodies”, which should be followed.
- 2.4.6 All employees must report to their line Manager or Head of Corporate Services on any illegality, impropriety, breach of procedure or serious deficiency in the provision of service. Employees are able to do this without fear of recrimination providing they act in good faith via the Service’s Disclosure Policy.

3. CORPORATE GOVERNANCE

- 3.1 Corporate governance is about the structures and processes for decision making and accountability, controls and behaviour throughout the Service. The fundamental principles of corporate governance are:
- 3.2 **Openness:** anyone with an interest in Service affairs should have confidence in the decision-making and management processes and the individuals involved in them. This confidence is gained through openness in Service affairs and by providing full, accurate and clear information which leads to effective and timely action and scrutiny.
- 3.3 **Integrity:** there should be honesty, selflessness and objectivity and high standards of propriety and probity in the stewardship of Service funds and the management of the Service affairs. Integrity is dependent on the effectiveness of the control framework and on the personal standards and professionalism of Members and employees.
- 3.4 **Accountability:** there needs to be a clear understanding by everyone involved in Service affairs of their roles and responsibilities. There should also be a process which provides appropriate external scrutiny of the decisions and actions of those involved in Service affairs including the stewardship of its funds and performance.

- 3.5 These Financial Regulations are an essential component of the Corporate Governance of the Service. However in order to demonstrate that they are complying with these fundamental principles the Service will need to ensure that their systems and processes are:
- monitored for their effectiveness in practice; and
 - subject to review on a continuous basis to ensure that they are current.
- 3.6 In order to ensure compliance with good governance, the Head of Corporate Services is responsible for providing the Audit Working Group with a review of the Local Code of Corporate Governance on an annual basis.

4. FRAMEWORK FOR FINANCIAL ADMINISTRATION

- 4.1 These regulations detail the responsibilities of Members and the Chief Fire Officer within the context of the Service's political management framework. These regulations may only be amended by the Service, following advice from the Treasurer.
- 4.2 Highland Council's Director of Finance, as the "Proper Officer" for the proper administration of the Service's financial affairs will oversee the operation of these Regulations within the Service. These, together with supporting Guidance Notes, provide all Members, Department Heads and Employees with the written framework which governs the Services' financial affairs.
- 4.3 All Guidance Notes, issued in terms of these Regulations are issued with the same status and authority as if they were contained within these Regulations. Compliance with them is mandatory in the same way as the Regulations.
- 4.4 As with most instructions, these Regulations and supporting Guidance Notes are not exhaustive and supplementary guidance will be made available by way of manuals, procedures and policy documents. However, not every eventuality can be foreseen or every circumstance taken into account. As such there is a general responsibility for all Officers to act properly where instances of uncertainty arise and to seek advice from staff of the Finance Department.

5. REVIEW OF FINANCIAL REGULATIONS

- 5.1 These Regulations may be varied or revoked by the Service and any variation or revocation will be effective from the first working day after the conclusion of the Board meeting at which approved.

6. LEGAL INTERPRETATION

- 6.1 Any matters requiring legal interpretation will be referred to Highland Council's Legal Section.

7. ACCOUNTING PROCEDURES AND REPORTING

- 7.1 The accounting procedures, records of the Board and accounting records will be prepared in accordance with directions provided by the Treasurer, in consultation with the Head of Corporate Services.
- 7.2 The Chief Fire Officer will ensure that any information necessary for the closure of the Accounts, within prescribed timescales is provided.
- 7.3 The Annual Accounts will be prepared in accordance with the proper accounting practice, reporting the Board's financial performance to the 31st March each year.
- 7.4 The Completed Accounts must be forwarded to the Controller of Audit no later than the 30th June of the same year, or such other date as determined by the Controller of Audit.
- 7.5 The Treasurer, in consultation with the Head of Corporate Services, will arrange the presentation of all External Audit reports to the Board.
- 7.6 The Treasurer will make appropriate arrangements for the public inspection of the Board's Accounts.
- 7.7 Any matter, which is liable to have a material effect on the Board's finances, will be discussed with the Treasurer.
- 7.8 Reports to the Board containing material financial implications will be discussed with the Treasurer.
- 7.9 In accordance with statutory requirements, the Chief Fire Officer will ensure that a register of all assets owned by the Service is maintained.

8. CAPITAL PLANS

- 8.1 The Board will approve a Capital Programme, prepared by the Chief Fire Officer (containing the estimated capital expenditure for each project) covering three financial years with regard to:
 - a) the Board's corporate values and priorities;
 - b) the availability of resources;
 - c) The nature and scale of local investment needs
- 8.2 Once the Capital Programme has been approved, the Chief Fire Officer will ensure that all statutory and non-statutory approvals and permissions, including legal entry to any land or buildings, are available in due time.
- 8.3 Approval of the Capital Programme shall constitute authority to incur such expenditure.
- 8.4 Nothing in these regulations shall prevent the Chief Fire Officer in consultation with the Treasurer incurring relevant expenditure in the event of an emergency. All expenditure so incurred shall be reported to the next meeting of the Board.

9. CONTROL OF CAPITAL EXPENDITURE

- 9.1 In order to enable the Board to monitor and regulate the financial performance of the Capital Programme, the Treasurer, in consultation with the Chief Fire Officer, will provide monitoring statements comparing estimated with actual performance, to each meeting of the Board.
- 9.2 Except in the case of emergencies, capital expenditure will only be incurred on projects included in the Capital Programme.
- 9.3 The Chief Fire Officer may alter the programme:
- by accelerating the progress on a project by deferring the start of other projects within the programme; and
 - by spending on a project programmed to start at a later date where delays are occurring generally in the Programme.

Such alterations must be reported to the next available Board meeting.

10. REVENUE ESTIMATES

- 10.1 The Treasurer, in consultation with the Head of Corporate Services, will determine the format of the Revenue Estimates.
- 10.2 The Chief Fire Officer, in consultation with the Treasurer will annually prepare estimates of income and expenditure for the forthcoming year. In addition, revenue estimates will be prepared on a cycle that reflects the government's three-year settlement periods.
- 10.3 The Board will review and approve the Revenue Estimates, with any revisions necessary.
- 10.4 Approval of the Revenue Estimates gives the Chief Fire Officer authority to incur expenditure in accordance with those estimates. The Chief Fire Officer cannot incur expenditure on items rejected or deferred by the Board.

11. CONTROL OF REVENUE EXPENDITURE INCLUDING VIREMENTS

- 11.1 It will be the duty of the Chief Fire Officer to monitor and control Revenue Budgets and if necessary submit requests for supplementary estimates to the Board. In particular the Chief Fire Officer will ensure that an accountable budget holder is identified for each item of income and expenditure.

- 11.2 The Treasurer, in consultation with the Chief Fire Officer, will ensure that an appropriate framework for budget management and control is in place, and that regular monitoring statements are produced in an appropriate format for monitoring purposes.
- 11.3 The Treasurer, in consultation with the Chief Fire Officer, will produce summarised monitoring reports for each Board meeting. These reports will include details of significant variances between known or perceived actual, areas of expenditure and income and the revenue budget, and recommend remedial action.
- 11.4 Expenditure relating to emergencies or disasters should be reported to the Board at its first meeting after the expenditure has been incurred.
- 11.5 Virement is a budget holder's responsibility, to be used in ensuring the proper management of the budget and, containing overspending.
- 11.5.1 Virement between approved budget heads is only permitted in the following circumstances.
- 11.5.2 The transfer of resources will not lead to a change in Board policy.
- 11.5.3 The transfer is not used to increase the Service's overall establishment of employees without the authority of the Board.
- 11.5.4 Where the transfer is within a cost centre, the budget holder may vire between subjectives subject to the approval of the Head of Corporate Services.
- 11.5.5 Where the transfer is between Departments, the Chief Fire Officer may vire appropriately.
- 11.6 Any underspend may be carried forward into the subsequent financial year within the parameters laid down by regulation and the Board.

12. BANKING ARRANGEMENTS

- 12.1 The Treasurer will be responsible for the Board's banking arrangements.
- 12.2 The creation or closure of any account on behalf of the Board will be on the authorisation of the Treasurer.
- 12.3 All cheques will be ordered on the authority of the Treasurer who will make the necessary arrangements for their safe custody.
- 12.4 All income received will be promptly paid intact into the bank accounts in accordance with Guidance Note: Receipt of Income.
- 12.5 The Treasurer will make all necessary arrangements to enable appropriate payments to be made through the Bankers Automated Clearing System (BACS) and the Clearing House Automated Payments System (CHAPS).

13. CONTRACTS FOR BUILDING ENGINEERING AND ASSOCIATED WORKS

- 13.1 Where contracts provide for payments to be made by instalments, the Chief Fire Officer (or agents appointed on behalf of the Board) shall maintain appropriate Contract Registers to show the state of account between the Board and the contractor, together with any other payments and related professional fees.
- 13.2 At the conclusion of each contract, such information should be reconciled to financial information held on the Board's financial ledger by the Finance Manager.
- 13.3 Payment to contractors on account of contracts will be made only on a certificate issued by a signatory authorised by the Board for such a purpose, or by Agents acting on behalf of the Board.
- 13.4 Subject to the provisions of the contract in each case every extra or variation will be authorised in writing issued by a signatory authorised by the Board for such a purpose.
- 13.5 Where factors arise during the course of a contract, which materially alters the contract, or may result in a significant overspend then the Chief Fire Officer should report this information to the next Board meeting.

14. INCOME

- 14.1 As part of the annual budgetary process the Chief Fire Officer will review charges or tariffs relating to the Service and report thereon to the Board.
- 14.2 The Treasurer has defined arrangements to ensure the appropriate recording of all income due, and the proper collection, control and banking of all income due to the Board, by way of the Guidance Note entitled Receipt of Income.
- 14.3 The Treasurer will approve the format of all receipts and other such items and ensure that appropriate arrangements are in place for all ordering, supply and control.
- 14.4 All income received on behalf of the Board will be promptly deposited intact.
- 14.5 Personal cheques must not be cashed from income held on behalf of the Service.
- 14.6 Transfers of income between employees must be evidenced in Board records, including a signature for its receipt.
- 14.7 All grant claims submitted to external funders should be will be completed in terms of the Guidance Note entitled Grant Claim Financial Procedures.

- 14.8 Income arising from work done, goods supplied or services rendered should where possible be paid for at the time of delivery. If not, the Chief Fire Officer must ensure that debtor accounts are rendered within 14 days from the date of service. An appropriate authorised officer may only cancel debtor accounts, once raised, where it has been raised in error.
- 14.9 The Chief Fire Officer will provide the Treasurer with details of staff permitted to enter and approve debtor invoices in Accounts Receivable, on the prescribed form.
- 14.10 The Treasurer will lodge claims with the appropriate person (including Liquidators and Trustees in Sequestration) in relation to sums due to the Board.
- 14.11 Information contained on the procedures for writing off debt due to the Service, but unpaid, is contained within the Guidance Note entitled Issue of Debtor Accounts.

15. INSURANCE AND RISK MANAGEMENT

- 15.1 The Treasurer may appoint Insurance Brokers, Advisers, Insurers/Underwriters and Claims Handlers, to advise on all aspects of insurance and risk management.
- 15.2 The Chief Fire Officer will notify the Treasurer of any asset, which requires to be insured, or provide any relevant information which may affect the Board's existing insurance arrangements.
- 15.3 The Treasurer will take out the necessary insurance to protect the interests of the Board and will review the terms and conditions of such insurances as required.
- 15.4 The Clerk, in conjunction with the Treasurer and Chief Fire Officer, may decide to make ex-gratia payments, subject to a prescribed maximum limit, in terms of Board policy.
- 15.5 The Chief Fire Officer will arrange to identify all the various risks and establish a monitoring process which will regularly review the risks and the effectiveness and operation of any controls.
- 15.6 The Chief Fire Officer will immediately notify the Treasurer of all loss of property and all incidents or potential liability, which may or may not result in a claim being made against the Board.
- 15.7 At no time will liability be admitted or any indication given that an offer of settlement will be made to a claimant or potential claimant.
- 15.8 The Treasurer will be responsible for the administration, negotiation and settlement of all insurance claims made by or against the Board.
- 15.9 The Chief Fire Officer will review the internal claims performance with the Treasurer and agree the action to be taken.

16. INTERNAL AND EXTERNAL AUDIT

16.1 A continuous independent internal audit, under the control and direction of the Treasurer, shall be arranged to carry out an examination of accounting, financial and associated operations of the Board. In order that the interests of the Board are protected, continuous examination of accounting, financial and other operations of the Board will be undertaken through the Internal Audit Section of Highland Council. The Section will conduct its activities in accordance with the “CIPFA Code of Practice for Internal Audit in Local Government” thus ensuring operational independence.

16.2 The Head of Internal Audit and Risk Management (Highland Council) should be consulted on, and given assurance as to, the adequacy of internal control when any system is being introduced or materially altered.

16.3 The Head of Internal Audit and Risk Management (Highland Council) shall review, appraise and report on:

- the adequacy of internal control as a matter of probity and as a contribution to the economic, efficient and effective use of resources;
- compliance with approved Board policies, laws and regulations;
- whether the Board’s assets are properly accounted for and safeguarded from losses arising from theft, fraud, waste, inefficient administration or poor value for money;
- the suitability, integrity and reliability of management data produced within the Board;
- the achievement of organisational objectives.

16.4 The Treasurer or any authorised Internal and External Audit representative, on production of identification, will have authority to:

- Enter all Board offices, establishments, or land, at any time.
- Have access to all records, documents and correspondence, including any data held on electronic media, relating to the operation, administration and financial transactions of the Board.
- Require and receive explanations as necessary relating to areas under review.
- Require any employee of the Board to produce cash, stores or any other Board property under their control.
- Recommend changes to documentation and procedures, as appropriate.
- Employ other professionals or specialists to assist in any review or investigation.

- 16.5 Whenever any matter arises which involves, or is thought to involve, irregularities concerning finance, assets or property of the Board or any suspected irregularity in the exercise of the functions of the Board, the Chief Fire Officer shall immediately notify the Treasurer who shall take such steps as he considers necessary. Action taken by the Treasurer will comply with the Board's Strategy for the Prevention and Detection of Fraud and Corruption.
- 16.6 In terms of the Service's Disclosure Policy, any complaint, once demonstrated to suggest an irregularity may have been committed, or the information contains sufficient grounds for concern, the complaint must be referred to Highland Council's Head of Internal Audit and the Treasurer for further investigation, and appropriate action in accordance with Service's policies for dealing with serious complaints.
- 16.7 The Head of Internal Audit and Risk Management (Highland Council) and the senior member of the External Audit team has right of free and confidential access to the Chair of the Audit Working Group, in order to raise such concerns as they may have.

17. INTERNAL CONTROL AND AUTHORISATION

- 17.1 The Board will implement Internal Controls in order to ensure that its business is conducted in an orderly and efficient manner, its policies adhered to, its assets protected and its records complete and accurate. The Board endorses CIPFA's control objectives for all major systems and as a minimum requires three types of control to be in operation:
- Segregation of Duties
 - Internal Check
 - Management Review
- 17.1.1 Segregation of duties will ensure those individuals cannot influence financial transactions from start to finish. Therefore transactions will be progressed in stages by different people. Alternative arrangements, for example, where only a small number of employees are available, must be agreed with the Treasurer.
- 17.1.2 All financial transactions must be subject to internal check at every stage. Checks must be evidenced by signature of both the people undertaking the work and the person checking it.
- 17.1.3 Management will also regularly review financial transactions, through the use of regular reports, management returns etc.
- 17.2 When internal control is performed by way of a computerised system and access rights are password controlled, authorisation must be made in the manner specified for the application. Passwords must not be disclosed under any circumstances. The procedure for access controls are detailed in the Information Systems Security policy.

17.3 The Head of Corporate Services is responsible for advising on effective systems on internal control. In order to provide assurance as to the effectiveness of internal controls within financial systems, the Head of Internal Audit and Risk Management must be consulted on, and given assurance as to the adequacy of internal control when any financial system is being introduced, or materially altered

17.4 The Board will only enter into transactions that are required, for the essential conduct of its business; therefore, all financial transactions must be authorised before being effected.

17.4.1 A register of authorised signatories and users for both computerised and manual systems will be maintained and a duplicate register will be provided to the Treasurer. Any amendments to this register will be immediately notified to the Treasurer.

17.4.2 By authorising financial transactions, officers are accepting responsibility for them, confirming that they are satisfied the following are true:

- That goods or services ordered are relevant to the Board's needs, in type and quantity; are being procured at an appropriate price and quality from an approved source; and that there are sufficient uncommitted funds available from the relevant budget to meet the cost.
- That hours stated on timesheets and overtime claims were actually worked, have not been paid previously and are in accordance with entitlements within the contract of employment.
- That expense claims have been approved in advance, duties have been performed in the manner stated and the activity was necessary to the business of the Board. The claim conforms to relevant rates, scales or entitlements, is not excessive and has not previously been paid.
- That claims for petty cash re-imbursment represent expenditure on items of a minor nature (less than £50); is fully supported by reliable evidence; is allocated to a valid code and the imprest account has been inspected and cash in hand checked in accordance with correct procedures.

- That invoices are paid only when goods or services have been received by the Board in good condition and meet the required quality standard; the liability is the Boards and is a legitimate expense; the price paid is consistent with order details or other contractual arrangement with the supplier; the invoice has not been previously paid; and the costs have been allocated to appropriate codes in the Board's accounting records.
 - That accounts receivable invoices issued represent the amount due for services or supplies rendered for a statutory fee, or an undischarged debt, is for the maximum amount obtainable under the current scale of charges, is correctly calculated and payment has not previously been rendered.
- 17.5 Officers must only authorise a transaction when they are aware of its circumstances; are given access to documents supporting it; and are in a position to challenge it.
- 17.6 Officers will not authorise transactions in which they have a personal interest.
- 17.7 When officers authorise manual transactions they must sign their name in full – the use of initials alone or ink stamp is not acceptable.
- 17.8 The Chief Fire Officer is responsible for determining the numbers and distribution of authorised signatories and authorised users to meet the demands of the management structure.
- 17.9 An annual review of all such authorisations must be carried out by the Chief Fire Officer to ensure that any list submitted to or held by the Treasurer is current and complete.

18. INVENTORIES AND STORES

- 18.1 A perpetual or continuous inventory for all assets under their control will be maintained by Department Heads. Where discrepancies are noted, positive action should be taken by Department Heads to rectify the situation.
- 18.2 The Chief Fire Officer will ensure the maintenance and performance of annual checks of inventories by officers independent of those maintaining it.
- 18.3 The Chief Fire Officer will implement stock stores and costing systems, in consultation with the Head of Corporate Services. Officers will comply with the Guidance Note Stocks and Stores.
- 18.4 The maintenance of stores will be the responsibility of the Chief Fire Officer, who will ensure that stocktaking is carried out at regular intervals. Supervision of stocktaking checks will be agreed in consultation with the Head of Corporate Services and will not involve staff directly involved in stores activity.

- 18.5 Adjustments for the write-off of shortages, obsolete, slow moving or excess stocks with an estimated value in excess of £10,000 will be authorised by the Board.
- 18.6 Except in specific circumstances, stocks and stores held will not be in excess of operational requirements.
- 18.7 Board property will only be removed or used in accordance with the ordinary course of the Board's business, except in accordance with specific directions issued by the Chief Fire Officer and subject to maintenance of appropriate records.
- 18.8 The Chief Fire Officer will provide the Treasurer with records of stocks and stores held at 31st March each year (or other date as requested by the Treasurer), by the date requested by the Treasurer.

19. MEMBERS ALLOWANCES AND EXPENSES

- 19.1 Payment of Members Allowances will be in accordance with the scheme adopted by Highland Council.
- 19.2 Members are entitled payment of travel and subsistence expenses relating to approved duties. Members are required to submit claims on official claim forms and provide receipts in support of any expenses or allowances claimed. Details of the timetable for submission and rates applicable are available from the Treasurer.
- 19.3 The Treasurer will maintain records of all allowances and expenses paid, detailing the name, amount and nature of payment. These will be available for inspection by 1st June each year.

20. ORDERS FOR WORK, GOODS AND SERVICES

- 20.1 All goods, materials or services supplied to the Board will be the subject of the Service's Procurement Policy.
- 20.2 An authorised official order. (Except petty cash purchases, utility payments and contract payments.) This order should be produced by an approved computerised system, in a form approved by the Treasurer or following approval by the Treasurer, by manual order.
- 20.3 Orders will be approved / authorised by the Budget Holder whose budget will be charged as a result of the order, unless absent, in which case it will be approved by another pre-determined Budget Holder in an appropriate Approval Group. The Budget Holder, before authorising any order, should ensure that appropriate budgetary provision is in place and that the expenditure is within the Board's legal powers.
- 20.4 A current list of authorised users, including specimen signatures, will be maintained by the Service and will be provided to the Head of Corporate Services on the prescribed form.

20.5 Orders must be priced and should be given to the supplier in advance of any work, goods or services being provided to the Service. In emergency situations outwith the control of the Service, verbal orders can be given. Confirmation of the order must be given as soon as possible thereafter.

20.6 Where goods are obtained through use of a purchasing card or electronically, the guidance note issued by the Treasurer must be complied with.

21. PARTNERSHIPS AND OTHER EXTERNAL ARRANGEMENTS

21.1 Partnerships are likely to play a key role in delivering the Service's strategies and in helping to promote and improve the well-being of the Community through a shared vision of services based on user wishes.

21.2 Partnerships may be entered into for a number of the following reasons:

- the desire to fund new ways to share risk
- the ability to access new resources
- to provide new and better ways of delivering services
- to forge new relationships

21.3 In entering into partnerships, Services must accept that they have common responsibilities with their chosen Partner, including the following:

- a willingness to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
- to act in good faith at all times and in the best interest of the Partnerships aims and objectives
- to be open about any conflicts of interest which may arise
- to promote the sharing of information, resources and skills between all parties in the Partnership
- to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
- to act wherever possible as an ambassador for the Council in the project

21.4 The Head of Corporate Services will advise Department Heads on the effective controls required from such Partnerships and ensure that the Service's resources are not wasted. Such advice should address the key elements of funding projects including scheme appraisal, risk and management appraisal, resourcing and transaction issues, and audit and security controls.

21.5 The Head of Corporate Services should maintain a register of all contracts entered into with external bodies (including Highland Council Companies). Prior to entering into agreements with external bodies they should ensure that a risk management appraisal has been completed and that agreements and arrangements made do not impact adversely upon the services already provided by the Service.

21.6 Departmental Heads must also ensure that all agreements and arrangements are properly documented and that the Head of Corporate Services is provided with appropriate information to enable notes to be entered into the Service's Annual Statement of Accounts.

21.7 External Funding

21.7.1 External funding is potentially an important source of income to the Service, but the conditions attached need to be carefully considered to ensure that they are compatible with the aims and objectives of the Service. While funds from external Agencies provide additional resources to enable the Service to deliver services to the local community it has to be recognised that the funding may be linked to tight specifications and may not be flexible enough to link to the Service's overall plan.

21.7.2 The Treasurer, in conjunction with the Head of Corporate Services should ensure that arrangements are in place to receive and properly record such income in the Service's accounts, that audit and accounting requirements are met, and that the funding requirements are considered prior to entering into any agreements, both in the present and the future.

22. PAYROLL, TRAVEL & SUBSISTENCE AND PENSIONS

22.1 The Chief Fire Officer will be responsible for the payment of employee salaries, wages, pensions, compensation, travel & subsistence claims and other emoluments, under terms and conditions approved by the Board.

22.2 The Chief Fire Officer will formally notify the Treasurer as soon as possible of all matters affecting pensions.

22.3 The Chief Fire Officer is responsible for ensuring that appointments are made in accordance with staff structures approved by the Board.

22.4 All payroll and pension documents must be in a form approved by the Head of Corporate Services. Where appropriate these forms should be signed by the claimant prior to being signed by an authorised person.

22.5 Certification of any claim by an approved officer indicates satisfaction as to the accuracy of the claim and that it complies with all terms of the Service's Code of Conduct for Travel and Subsistence.

23. PAYMENT OF ACCOUNTS, GRANTS, CONTRIBUTIONS AND SUBSCRIPTIONS

- 23.1 Payments from the Board will be via BACS, cheque, CHAPS or other mechanism in accordance with the banking arrangements made by the Treasurer or authorised signatory (except for petty cash or imprest payments).
- 23.2 The Chief Fire Officer will ensure that segregation of duties prevents officers responsible for the ordering process being involved in the invoice certification process unless alternative arrangements have been agreed in advance with the Treasurer.
- 23.3 The Chief Fire Officer will arrange timeous processing of invoices for payment and internal recharges after ensuring that;
- i. expenditure is on items or services which it is within the Board's legal powers to incur;
 - ii. goods, materials or services to which the invoice relates have been received, and match the order;
 - iii. prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct;
 - iv. expenditure has been properly incurred and is within the relevant estimate provision;
 - v. appropriate entries have been made in inventories, stores or stock records as required;
 - vi. invoices have been made out by the supplier of the goods, services etc not an officer of the Board;
 - vii. where internal charges are processed prior to certification the relevant parties will agree the charge as soon as possible after processing.
- 23.4 Payments will only be made on duplicate or photocopied invoices where the Budget Holder has undertaken sufficient checks to ensure that the original invoice has not been processed. The invoice should agree to an existing unmatched purchase order. The inability to match a copy invoice should alert the Budget Holder to the possibility of a duplicate invoice.
- 23.5 Where the sum invoiced by a supplier is incorrect, the invoice should be returned to the supplier for alteration. Alternatively, the supplier may issue a credit note.
- 23.6 The Treasurer will annually issue instructions on the procedure to be followed regarding invoices unpaid at the end of the Financial Year.

24. PERFORMANCE INDICATORS

- 24.1 The Chief Fire Officer will ensure that officials have been allocated responsibility for preparing the indicators and ensuring compliance with statutory requirements.
- 24.2 The Chief Fire Officer will:
- establish systems and procedures to ensure that the required information is gathered;
 - ensure that all working papers and relevant documents which may be examined by external auditors will be available on request;
 - gather information which is accurate and complete;
 - ensure the annual direction and guidance is available to all officers involved in the process; and
 - publish the data required in the correct format by the prescribed date.
- 24.3 The Chief Fire Officer will establish and document procedures for ensuring the completeness and accuracy of performance information. These will include: audit trails internal checks, reconciliation's, independent reviews, reasonableness tests, variance analyses etc.
- 24.4 The Chief Fire Officer shall report the statutory performance indicators to the Board at least once a year.

25. PETTY CASH (IMPRESTS)

- 25.1 The Treasurer will provide advances for petty cash, cash floats, and other expenses as appropriate, to staff authorised for this purpose by the Chief Fire Officer.
- 25.2 Bank Accounts for the use by imprest holders will only be opened by the Treasurer and under no circumstances will these accounts be overdrawn. Any bank interest accrued must be remitted separately and timeously to the Treasurer.
- Income received on behalf of the Board will not be paid into Imprest accounts.
- 25.3 Payments from Imprest accounts will be limited to minor items of expenditure only. The Treasurer may review imprest levels and a maximum limit for individual items should be set. All payments must be backed up with receipted vouchers. Supplier's invoices must not be paid from Imprest accounts.
- 25.4 The Treasurer's Guidance Note Petty Cash and Cash Floats must be complied with.

25.5 At 31st March each year, and at any time requested, authorised petty cash holders will provide the Treasurer with a certificate detailing the funds advanced for this purpose.

25.6 On leaving the employment of the Board, or when ceasing to be entitled to hold an Imprest, officers will account for any amounts advanced, inline with instructions contained in the guidance note.

26. PREVENTION AND DETECTION OF FRAUD AND CORRUPTION

26.1 The Service's Fraud and Corruption Detection policy contains guidelines to be followed in relation to these issues.

26.2 Whenever any matter arises which involves, or is thought to involve, irregularities concerning finance, assets or property of the Board or any suspected irregularities in the exercise of the functions of the Board, the Chief Fire Officer will immediately notify the Treasurer. The Treasurer will take such steps as are considered necessary by way of investigation.

26.3 Where investigations indicate that a criminal offence may have been committed, the Treasurer may report the matter to the police.

27. PROPERTY AND SECURITY

27.1 The Chief Fire Officer (or agents thereof) will maintain a register of all properties owned and leased by the Board. This register shall include the following information:

- a. Location and Plan Register
- b. Property Address
- c. Tenure
- d. Description
- e. Occupier
- f. Current Valuation
- g. Date of Valuation
- h. Basis of Valuation
- i. Purchase Details
- j. Estimate of Remaining life
- k. Rents Payable
- l. Tenancies Granted

The above information should be made available to the Treasurer to support Capital Accounting requirements.

27.2 The Chief Fire Officer is responsible for proper security at all times of property, cash, stock, stores, furniture, equipment etc under his control. The Treasurer will be consulted in cases where security is thought to be defective or inadequate or where special security arrangements may be required.

27.3 All heritable securities, which are the property of or in the name of the Board, or its nominees, and the title deeds of all property in its ownership, will be held in the custody of the Clerk.

- 27.4 The Chief Fire Officer will advise the Treasurer of all circumstances where cash is held or otherwise under the control of employees. Maximum limits for cash holdings will be agreed with the Treasurer and must not be exceeded without his approval.
- 27.5 The following procedures should be followed in order to account for and control the use of keys:
- Keys to safes and similar security receptacles must be carried on the persons of those responsible or held in a secure place if this practice is inconvenient. The loss of any keys must be reported immediately to the Chief Fire Officer.
 - On no account should safe keys be left in unattended premises which house the safe.
 - Duplicate keys should be retained in terms of instructions issued by the Treasurer.
 - A register of keyholders must be kept in each location.
- 27.6 All employees who may be required to receive or hold cash, valuables or property on behalf of the Board should receive from the Clerk an identity card bearing their photograph. They must produce the card to any person having reasonable grounds to know the identity of the holder.
- 27.7 The Treasurer will be responsible for ensuring that secure arrangements are in place for the preparation and storing of pre-printed /pre-signed cheques, stock certificates, bonds and other financial documents.
- 27.8 The Chief Fire Officer will be responsible for the security, custody and control of all service documents. The Treasurer in consultation with the Clerk will determine the retention period for all financially related books and records.
- 27.9 The Chief Fire Officer shall arrange adequate security measures to cover pay advice notes and cheques from the time of receipt until they are handed over to individual employees. Cheques, which, for a valid reason cannot be distributed within seven days, shall be returned to the Treasurer with a written explanation of the circumstances.

28. RECEIPT OF GIFTS, GRATUITIES AND HOSPITALITY ETC.

- 28.1 The Treasurer has in place an approved Code of Conduct for Employees while Members comply with a National Code. Members and employees are both personally liable for their conduct and as such must comply strictly with the terms of these Codes.
- 28.2 The Head of Corporate Services is responsible for ensuring that all staff are aware of the terms of the Code of Conduct for Employees and that they comply with the conditions therein.

29. RETENTION OF FINANCIAL DOCUMENTS

- 29.1 The main reasons behind questions on document retention are storage difficulties, cost and VFM. Once documents are no longer required for day to day administration there is a strong incentive to dispose of them. However, there are certain requirements imposed by HMRC HM Revenue and Customs and Grant Awarding Bodies (e.g. European Funding) which must be strictly adhered to.
- 29.2 Apart from these requirements Department Heads will decide what is to be retained, based on operational needs, the availability of storage facilities, and the Document Retention Schedule published by the Treasurer. It should be recognised that the premature disposal of documents can be prejudicial to a number of enquiries, including fraud.
- 29.3 Department Heads will establish if there are any further retention requirements (e.g. contractual, legal, industry practice, etc.) and must ensure that these are met.
- 29.4 Generally the original document will be retained. Therefore Service duplicate copies (e.g. of timesheets) may be disposed of before the relevant time scales have passed. However, Departments must ensure that the original has been retained before disposing of any duplicates.
- 29.5 To save storage costs, documents can be retained on microfilm or document imaging systems rather than in paper form. However, it is important to establish the legal admissibility of information stored in photographic or electronic form first, as well as dealing with issues such as the potential for loss by fire, computer failure, etc. Advice on the most efficient methods of storage can be obtained from Highland Council's Archivist.
- 29.6 While the advice contained herein is of a general nature any specific problems relating to Financial records should be addressed to the Head of Corporate Services.
- 29.7 The Treasurer has published a general guidance on this subject entitled "Document Retention Schedule". The terms contained within that document should be strictly complied with.
- 29.8 All current and historical financial documents, must be retained securely.
- 29.9 Previous year's records will be retained on file as well as the current year's. Subsequently, documents to be retained can be held in storage in secure containers with access to the store controlled.
- 29.10 Permanent records will be retained separately from those to be disposed of in due course:
- in acid-free boxes or document wallets
 - in well-ventilated premises on shelves allowing a free-flow of air

- 29.11 Financial document containers will be labelled clearly detailing:
- the origin and contents
 - the period they relate to
 - the person or section responsible for them
 - their retention information (generally a “Not to be Disposed of Before” date)
- 29.12 Time-expired financial records which include any personal information must be treated as confidential waste and will be shredded or incinerated under supervision or forwarded to a specialist contractor (for confidential destruction). Financial records not including personal information can be disposed of through ordinary waste paper collection agents but must not be placed in open skips, left out in bin sacks or be exposed to casual retrieval.

30. WRITE-OFFS

- 30.1 The Chief Fire Officer is required to review at least annually outstanding debt and identify debts where all possible methods of recovery have been exhausted and consequently it is clear that an amount will not be recovered. Following such reviews a list of any balances which is considered to be irrecoverable will be submitted to the Treasurer requesting they be written off. The Chief Fire Officer will provide the Treasurer with details of staff permitted to recommend debt write off.
- 30.2 The Chief Fire Officer is required to indicate from the list below the appropriate justification for each account written-off:
- (i) Gone away (No trace /forwarding address)
 - (ii) Bankrupt / Sequestered
 - (iii) Uneconomic to pursue
 - (iv) No realistic prospect of recovery
 - (v) Debt prescribed
- 30.3 Outstanding amounts due to the Board may only be approved for write-off by a resolution of the Board, except that the Chief Fire Officer may authorise write-off where:
- (i) there are good and sufficient reasons for doing so; and
 - (ii) The total outstanding for each debtor is less than the sum prescribed in the Guidance Note Issue of Debtor Accounts.
- 30.4 The Treasurer will lodge claims with the appropriate person (including liquidators and trustees in sequestration) in relation to sums due to the Board.

Glossary of Terms

The 1973 Act	The Local Government (Scotland) Act 1973
Board	The Highland and Islands Fire Board established under the Northern Combined Fire Amalgamation Scheme Order 1995
Constituent Authorities	The Highland Council, the Orkney Islands Council, the Shetland Islands Council and Comhairle nan Eilean Siar
Convener	The Convener of the Highland & Islands Fire Board appointed in terms of paragraph 7 of the Northern Combined Fire Area Amalgamation Scheme Order 1995
Vice Convener	The Vice Convener of the Highland & Islands Fire Board appointed in terms of paragraph 7 of the Northern Combined Fire Area Amalgamation Scheme Order 1995
Chief Fire Officer	The Chief Fire Officer of the Highlands and Islands Fire & Rescue Service
Service	The Highlands and Islands Fire & Rescue Service
Clerk	The person appointed by the Highland and Islands Fire Board to be clerk to the Board in terms of paragraph 8 of the Northern Combined Fire Area Amalgamation Scheme Order 1995
Treasurer	The person appointed by the Highland and Islands Fire Board to be treasurer to the Board in terms of paragraph 8 of the Northern Combined Fire Area Amalgamation Scheme Order 1995
Deputies	A person or persons nominated by the Clerk , the Treasurer or the Chief Fire Officer who may deputise in their absence
Prescribed	The amount or category as prescribed by the Board from time to time
CIPFA	The Chartered Institute of Public Finance and Accountancy
Inventories	Furniture, fittings, equipment, plant, machinery, vehicles, computer equipment, software etc.
Stock or Stores	Items used in the delivery of a service, ie fuel, raw materials, wood, glass, nails etc.