

**NORTH STRATHCLYDE COMMUNITY
JUSTICE AUTHORITY**

FINANCIAL REGULATIONS

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1. FINANCIAL ADMINISTRATION

- 1.1 North Strathclyde Community Justice Authority is constituted in terms of the Community Justice Authorities (Establishment, Constitution and Proceedings) (Scotland) Order 2006. It comprises the following Councils:
- Argyll and Bute
 - East Dunbartonshire
 - East Renfrewshire
 - Inverclyde
 - Renfrewshire
 - West Dunbartonshire
- 1.2 The Authority comprises of six Members (one Elected Member nominated from each of the Member Councils). The Authority will also invite the Chief Officer (see 1.6 below), and statutory partners including the Chief Social Worker from each Member Council, the Scottish Prison Service, the Police, National Health Service, the Scottish Court Service, The Crown and Procurator Fiscal Service, Victim Support Scotland, voluntary sector partners and representatives from partner bodies, as determined by the Members, to participate and attend meetings, although they will not have any voting rights. Administration and advice on financial services will be provided to the Authority by the Clerk to the Authority and the Treasurer (see 1.6 below).
- 1.3 Business shall be conducted in accordance with the provisions of the Community Justice Authorities (Establishment, Constitution and Proceedings) (Scotland) Order 2006 and Standing Orders approved on 23 June, 2006, as amended from time to time by the Authority, chaired by a Convener elected from and by the Members.
- 1.4 These Financial Regulations detail the responsibilities of the Authority and other authorised persons in relation to the conduct of the Authority's financial affairs.
- 1.5 The Authority and all officers participating or involved in the functions undertaken by the Authority shall observe these Financial Regulations.
- 1.6 The Authority will employ a Chief Officer and other support staff as deemed appropriate by the Authority. The Director of Corporate Services of Renfrewshire Council shall be appointed as Clerk to the Authority, and the Director of Finance and IT of Renfrewshire Council shall be appointed as the Treasurer of the Authority.
- 1.7 The Treasurer shall be responsible for assisting and advising the Authority in the proper administration of the Authority's financial affairs.
- 1.8 The Chief Officer shall report to the Authority with respect to the level of financial resources available from the Scottish Government to be utilised in each financial year, and shall keep the Authority informed as to the detailed administration and application of such resources.
- 1.9 The Authority and all officers participating or involved in the functions shall at all times in the administration of its financial affairs observe the fundamental principles of corporate governance namely openness, integrity and accountability.

Openness: anyone with an interest in the Authority's affairs should have confidence in the decision making and management processes and the individuals involved in them. This confidence is gained through openness in the Authority's affairs and by providing full, accurate and clear information which leads to effective and timely action and scrutiny.

Integrity: there should be honesty, selflessness and objectivity and high standards of propriety and probity in the stewardship of the Authority's funds and the management of the Authority's affairs. Integrity is dependent on the effectiveness of the control framework and on the personal standards and professionalism of the Members and employees.

Accountability: there needs to be clear understanding by everyone involved in the Authority's 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 the Authority's affairs including the stewardship of the Authority's funds and performance.

As part of the corporate governance arrangements, all personal or private interests, financial or otherwise, which could potentially conflict with, or influence decisions taken in a work capacity, must be declared and recorded in a register which shall be open to public inspection.

- 1.10 The Authority shall at all times endeavour to secure best value for the money it spends and shall encourage the use of best management techniques and financial practice. Decisions should be made with due regard to risk and rewards by adopting a Risk Management approach, to measure and assess the level of risks incurred.
- 1.11 All actions affecting the Authority's finances should only be conducted by properly authorised employees and the Chief Officer will establish a clear and effective framework of authorisation for its services.
- 1.12 The Chief Officer and other authorised persons will ensure that only expenditure within the legal powers of the Authority is incurred. Where this is not clear, the authorised person will consult the Clerk to the Authority or the Treasurer prior to incurring such expenditure. Similarly, the legality of expenditure relating to new service developments will also be clarified prior to any related expenditure being incurred.
- 1.13 Where any officer participating or involved in the functions of the Authority becomes aware of any actual or potential non-compliance with laws and regulations which could have a material effect on the operations of the Authority and therefore on its financial position, it shall be the duty of that officer to report to the Chief Officer who shall, if (s)he considers that any actual or potential non compliance exists, report to the Treasurer and to the Authority as soon as possible.

2. FINANCIAL PLANNING AND CAPITAL ESTIMATES

- 2.1. Any capital expenditure undertaken by the Authority will be limited to initiatives agreed with, and funded by the Scottish Government. The Chief Officer will recommend and prepare bids in respect of projects which affect more than one Council area. The Authority will ensure that such information as is required in order to prepare such bids is provided by the constituent authorities.

- 2.2 The Authority shall ensure that all relevant approvals and permissions have been obtained before the commencement of all capital projects.
- 2.3 The Authority must approve any transfer of resources from one capital project to another and any such transfer must be permissible under the terms of the funding provided for the projects concerned.

3. REVENUE ESTIMATES

- 3.1. The Authority is responsible for the disbursement of all grants received from the Scottish Government, including;
- administrative grants to pay for day to day running costs including accommodation, staff wages, office stationery etc. And:
 - grants to fund the workings of individual Criminal Justice Sections of the Member Councils.

Administrative Grants

- 3.2. The Chief Officer, in conjunction with the Treasurer, through the Finance Service Accounting Section of Renfrewshire Council, will annually prepare a revenue budget for the following financial year for the proposed disbursement of the administrative grant. Member Councils will furnish the Chief Officer timeously with all information required.
- 3.3 The detailed form of the Revenue Estimates shall be determined by the Chief Officer and approved by the Authority.
- 3.4 Revenue Estimates shall be passed to the Authority for detailed decisions and approval.

Funding of Criminal Justice Sections of the Member Councils

- 3.5. The Authority shall receive from the Scottish Government the total funding for all Member Councils for discharging both statutory and non-statutory provisions within their area, and will be responsible for determining the allocation of this funding across individual Member Councils.
- 3.6. The initial basis of disbursement to Member Councils will be determined by the Authority and any changes to the basis of allocation will require the approval by a majority of Member Councils.

4. CONTROL OF CAPITAL EXPENDITURE

- 4.1 In the event of a requirement to incur expenditure of a capital nature, the Authority shall monitor and regulate the approved capital schemes during each financial year. No expenditure may be incurred for an individual capital project unless and until the project has been the subject of a report to the Authority by the Chief Officer as to the estimated capital cost and the estimated annual expenditure and income which will arise from the project.
- 4.2 The Chief Officer shall ensure that any required approvals have been obtained before the commencement of any capital project, and shall not cause or allow capital

expenditure to be incurred unless the project to which it refers has been the subject of a supplementary report to the Authority and approved for incurring expenditure in the relevant year.

- 4.3 The Chief Officer shall not cause or allow expenditure on a particular project to exceed its financial allocation or direct money from one capital project to another, unless prior authority has been obtained, or unless a report has been prepared and submitted to and approved by the Authority.
- 4.4 Where the Authority has approved the financing of capital expenditure from revenue, subsequent expenditure will be controlled through the Revenue Expenditure process set out in Section 5 below.
- 4.5 Appropriate arrangements will be put in place to ensure that new or enhanced assets will be sustained over their expected lifespan.

5. CONTROL OF REVENUE EXPENDITURE

Administrative grant

- 5.1 The Authority shall monitor and regulate its financial performance during the currency of each year.
- 5.2 No expenditure may be incurred for an individual revenue project estimated to cost above £10,000 unless and until it has been the subject of a report to the Authority by the Chief Officer concerned as to the estimated annual expenditure and income which will arise from the project. The report shall include a reference to the extent to which the project has been included in the Revenue Estimates for that and the next two years and shall seek permission to accept a tender, where appropriate.
- 5.3 The Chief Officer shall not incur expenditure or effect a reduction in income unless provided for in the Revenue Estimates or until a report on such has been submitted to the Authority.
- 5.4 It shall be the duty of the Chief Officer, in consultation with the Finance Service Accounting Section, to provide an estimate of the net expenditure to be incurred in each accounting period for each budget line in the approved Revenue Estimates in accordance with the time scales established by the Treasurer for the provision of such information.
- 5.5 The Finance Service Accounting Section shall furnish the Chief Officer with periodic budget monitoring statements and such other information which is appropriate for the purpose of effecting a valid comparison with the approved budget of the Authority. It shall be the responsibility of the Chief Officer to provide promptly to the Finance Service Accounting Section any explanations regarding significant variances, and to ensure insofar as it is within the Chief Officer's power to do so, that the Revenue Estimates are not overspent and that the net expenditure of the Authority conforms to the requirements of the Financial Regulations.
- 5.6 The Finance Service Accounting Section shall provide variance reports to the Authority, as required. The Chief Officer shall comment timeously on the reports to the Finance Service Accounting Section. Where the Chief Officer considers that any item on the report will not be contained, (s)he shall promptly report to the Treasurer who will report to the Authority detailing the financial consequences.

5.7 Virement between approved budget lines shall be permitted only in the following circumstances:-

5.7.1 The transfer of resources is within the remit of the Authority.

5.7.2 **Amount** **Approval Required**

Not exceeding £10,000 Chief Officer

Over £10,000 Authority

All virements will be reported to the next meeting of the Authority. Any cumulative virements which exceed the £10,000 limit will require approval from the Authority.

5.7.3 There shall be no limit to the number of applications for virement on any budget line in any financial year.

Funding of Criminal Justice Sections of the Member Councils

5.8. The Authority will be responsible for co-ordinating returns detailing actual expenditure incurred by Member Councils. This will comprise a mid-year report, reporting on actual expenditure in the first six months and projected spend for the second six months, and a full audited financial report after the year end.

5.9. Individual Member Councils will furnish the Chief Officer with financial information at regular intervals, and at least quarterly, in an agreed form appropriate for the purpose. This will include the actual expenditure in respect of core, discretionary, and ring-fenced funding, and the effect of any joint funding initiatives between member Councils, and collaborations between Member Councils and third parties within the public and private sectors.

5.10. The Chief Officer is entitled to ask Member Councils for additional information in respect of expenditure of any grants within its control, and to receive such information within reasonable timescales.

6. CONTROL OF INCOME

6.1. The Authority shall delegate to the Treasurer the duty to ensure that adequate financial and accounting arrangements are in place to record all monies due to the Authority. Member Councils will furnish such information as the Treasurer or Chief Officer require to complete submissions of accounts or claims for grants.

7. ORDERS FOR WORK, GOODS AND SERVICES

7.1 Each Council will be responsible for its own purchasing, and the method of purchasing shall comply with the Financial Regulations of the respective Council.

7.2 In the event of any purchases for the Authority being made on behalf of the other Councils by the Lead Council, these will be made either through the Central Purchas-

ing facility of Renfrewshire Council or through Scotland EXCEL / Authorities Buying Consortium. The Treasurer will advise on which arrangements shall be appropriate to the Authority for each category of item to be purchased to ensure the procurement requirements of the European Community are adhered to. In all cases, however, certain fundamental principles must apply and these are set out in the succeeding paragraphs.

- 7.3 Except for petty cash purchases, gas, electricity, telephone, rent and rates payments and such other exemptions as the Treasurer may approve, all goods, materials or services supplied to the Authority shall be ordered by means of an appropriately authorised official order, or electronic authorisation where applicable, or by written acceptance of a tender or offer, which acceptance shall be signed only by an authorised signatory.
- 7.4 A list of authorised signatories for approving orders for work, goods and services shall be supplied by the Chief Officer to the purchasing bodies and specimen signatures and initials shall be required from the persons authorised. Additions or deletions to the list shall be notified to the purchasing bodies as they occur. Any exemptions from this requirement shall be subject to the prior approval of the Treasurer.
- 7.5 Managers or nominated officers will ensure that all goods, materials and services received are as ordered in respect of price, quality and quantity.
- 7.6 Orders for computer hardware, software and telecommunications must conform to I.T. standards as approved by Renfrewshire Council.

8. PAYMENT OF ACCOUNTS

- 8.1 The Treasurer shall ensure that the systems operated for the payment of accounts through the Creditors Section, Renfrewshire Council, comply with the Financial Regulations of Renfrewshire Council.
- 8.2 Apart from petty cash and other payments from imprest accounts, the normal method of payment of money due from the Authority shall be by BACS, cheque or CHAPS. Other payment arrangements will be acceptable only if approved by the Treasurer.
- 8.3 For internal control purposes, the Authority will ensure where feasible the separation of duties of employees responsible for the ordering process from employees responsible for the invoice certification process.
- 8.4 The Chief Officer will ensure that there is timeous certification of invoices for payment. In certifying a request for payment the authorising officer is certifying that:
- (i) the expenditure is on items or services which is within the Authority's legal powers to incur.
 - (ii) the goods, materials, services or work to which the invoice relates have been received, examined and approved and are in accordance with the order.
 - (iii) the prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct.
 - (iv) the relevant expenditure has been properly incurred and is within the relevant budget provision.

- (v) the appropriate expenditure code numbers are entered on the invoice.
 - (vi) if a duplicate or photocopy invoice then the appropriate checks have been made to confirm that payment is due.
- 8.5 Payment will not be made on duplicate, photocopied or faxed invoices unless the appropriate authorised employee certifies in writing that the amounts have not previously been passed for payment.
- 8.6 Any amendment to payment vouchers shall be made in ink and initialled by employees making them. Alterations must not be made using correcting fluids. Tax invoices must be returned to the creditor for correction.
- 8.7 A list of authorised signatories for certifying accounts shall be supplied by the Chief Officer to the Creditors Section and specimen signatures and initials shall be required from the persons authorised. Additions or deletions shall be notified to the Creditors Section as they occur. Any exemptions from this requirement shall be subject to the approval of the Treasurer.

9. GENERAL

- 9.1 Where the Chief Officer proposes a new operational policy, a variation of existing policy or a variation of the means or time scale of implementing existing policy which affects or may affect its finances, a report shall be submitted to the Authority.
- 9.2 It shall be the duty of the Chief Officer to ensure that no expenditure is incurred unless it is within the delegated authority of the Authority, and complies with the Scheme of Delegation. In cases of doubt, the Chief Officer must consult the Clerk to the Authority before incurring expenditure.

10. ACCOUNTING

- 10.1 The accounting procedures and records of the Authority shall be determined by the Treasurer, in conjunction with the Chief Officer.
- 10.2 The Treasurer, through the Finance Service Accounting Section, and in conjunction with the Chief Officer, is responsible for the preparation of the Authority's statement of accounts for the year to 31 March which, in terms of the Accounting Code of Practice (ACOP), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure. The accounts will be subject to an independent audit from an independent external body ("appointed Auditor").
- 10.3 The Authority and the Member Councils will ensure that any information necessary for the closure of the Accounts is provided to the Finance Service Accounting Section within prescribed time scales. Details of the information required and procedures to be followed will be issued annually by the Treasurer.
- 10.4 The accounts of the Authority shall be maintained by Renfrewshire Council having regard to the Financial Regulations of the Authority and in accordance with Section 96 of the Local Government (Scotland) Act 1973.
- 10.5 The Treasurer shall, as soon as practicable after receipt, report to the Authority the details of any report made by the appointed Auditor and the Authority shall determine

what further information and action is needed in relation to matters reported on by the Auditor.

- 10.6 The Treasurer shall make appropriate arrangements in consultation with the Clerk to the Authority for the public inspection of the Authority's Accounts.

11. INTERNAL AUDIT

- 11.1 The Authority shall be subject to a continuous Internal Audit in respect of the disbursement of its administration grant and the disbursement to Member Councils of the Community Justice Social Work grant from the Scottish Government. This work will be undertaken by the Internal Audit Section of Renfrewshire Council as the Lead Authority. The Internal Audit Section under the direction of the Treasurer shall be required to carry out an examination of accounting, financial and other operations of the Authority to ensure that its interests are protected.
- 11.2 The Internal Audit Section shall have authority on production of identification to:
- 11.2.1 Enter at any time all offices or other buildings or land used in connection with the functions exercised by the Authority or in support of those functions;
 - 11.2.2 Have access to all records, computer files, documents and other correspondence relating to any financial and other transactions of the Authority;
 - 11.2.3 Require and receive such explanations as are necessary concerning any matter under examination;
 - 11.2.4 Require any employee of the Authority to produce cash, stores or any other property under their control;
 - 11.2.5 Recommend changes to documentation and procedures, as appropriate.
- 11.3 The Internal Audit Section shall be authorised to engage such services of a professional person such as a civil engineer or quantity surveyor from appropriate Member Councils' Departments to assist in the examination of contracts under review or investigation and such assistance shall be given promptly.
- 11.4 Whenever any matter arises which involves or is thought to involve irregularity concerning cash, stores or other property of the Authority or any suspected irregularity in the exercise of the functions of the Authority, the Chief Officer shall forthwith notify the Treasurer. Such irregularities shall be dealt with in accordance with defalcation procedures of Renfrewshire Council as the Lead Authority attached as Appendix 1.

12. TAX MANAGEMENT

- 12.1 The Treasurer shall be responsible for the taxation procedures of the Authority. The Treasurer will take all reasonable steps in accordance with the Financial Regulations of Renfrewshire Council to ensure that the tax liabilities and obligations are properly reported and accounted for and will ensure the avoidance of any losses arising therefrom.
- 12.2 The Treasurer will ensure, in carrying out such responsibilities, that the staff employed by the Authority have an appropriate level of financial awareness in process-

ing transactions involving elements of tax, and that any significant changes in the Authority's tax affairs will be reported to the Authority.

13. BANKING ARRANGEMENTS

- 13.1 Banking arrangements for the Authority will be supervised by the Treasurer with regard to the Financial Regulations of Renfrewshire Council. Any transactions involving the Authority will be carried out in accordance with the above mentioned Financial Regulations.

14. PETTY CASH

- 14.1 The instructions on the operation of the Petty Cash Imprest issued by the Treasurer shall be complied with.

15. TREASURY MANAGEMENT

- 15.1 The finances of the Authority will be managed by the Treasury Management Section of Renfrewshire Council. Any arrangements made with regard to the finances of the Authority will be subject to the Financial Regulations of Renfrewshire Council.
- 15.2 No leasing agreements should be undertaken without prior consultation with and the written approval of the Treasurer and the Clerk to the Authority.

16. INSURANCE

- 16.1 All matters concerning insurance for the Authority shall be referred to the Insurance Section of Renfrewshire Council. The Treasurer, in consultation with the Insurance Section, shall be responsible for making all necessary insurance arrangements in relation to the activities of the Authority.

17. PROPERTY

- 17.1 The property used for the purposes of the Authority will be leased. Any proposals to renew or terminate the lease will be presented to the Authority for approval.

18. SECURITY

- 18.1 The Chief Officer shall be responsible for maintaining proper security at all times for all fittings, stocks, stores, furniture, equipment, cash, computer equipment etc. under his or her control.

The Chief Officer will also consult the Treasurer as appropriate in any case where security is thought to be defective or where it is considered that special security arrangements may be required.

- 18.2 Maximum limits for cash holdings shall be agreed with the Treasurer and shall not be exceeded without the Treasurer's specific approval.

- 18.3 Security over keys should be maintained in accordance with the Audit Guidance circular of Renfrewshire Council, attached as Appendix 2.
- 18.4 The Chief Officer shall be responsible for maintaining proper security, custody and control of all documents for the Authority. The retention period for all books, forms and records related to financial matters shall be determined by the Treasurer in consultation with the Clerk to the Authority.
- 18.5 The Chief Officer shall be responsible for ensuring compliance with the instructions governing Computer Security issued by Renfrewshire Council.

19. PAYROLL ADMINISTRATION, EMPLOYEES TRAVELLING, SUBSISTENCE ETC.

- 19.1 The payment of all salaries, wages, compensation, expenses, subsistence, claims and other emoluments to all employees involved in the operations of the Authority shall be made through the payroll system of Renfrewshire Council and shall be governed by the Financial Regulations of Renfrewshire Council.
- 19.2 The Treasurer shall be responsible, through the Payroll Section of Renfrewshire Council, for the advising on the administration and regulation of expenses of employees of the Authority.
- 19.3 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted, duly certified, in a form approved by the Treasurer, at such regular intervals as are agreed. The names of officers authorised to sign such records shall be sent to the Payroll Section by the Chief Officer together with specimen signatures and shall be amended on the occasion of any change. The lists shall be certified by the Chief Officer. The officers so authorised shall be determined in agreement with the Treasurer.
- 19.4 The certification by or on behalf of the Chief Officer shall be taken to mean that the certifying officer is satisfied that the journeys were properly authorised, the expenditure properly and necessarily incurred and that the allowances are properly payable.
- 19.5 The Chief Officer shall provide timeously to the Payroll Section any details required for the annual return of taxable emoluments.

20. INTERPRETATION

- 20.1 Any matters requiring legal interpretation shall be referred to the Clerk to the Authority.

21. OBSERVANCE OF FINANCIAL REGULATIONS

- 21.1 It shall be the duty of the Treasurer to ensure that these Regulations are made known to the appropriate persons within the Authority and all persons involved in carrying out the functions of the Authority and to ensure that they are adhered to.
- 21.2 Any breach or non-compliance with these Regulations must on discovery be reported immediately to the Treasurer in order to determine the proper action to be taken.

22. REVIEW OF FINANCIAL REGULATIONS

- 22.1 These Regulations may be varied or revoked by the Authority. This will require approval by a majority of Member Councils. The Treasurer shall make arrangements for the review of the Financial Regulations at least every five years, or in the event of changing circumstances. The result of the review shall be presented to the Authority for approval.