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NORTHERN CONSTABULARY

FINANCIAL REGULATIONS

**Northern Joint Police Board
Approved May 2010**

May 2010

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Financial Regulations		
Index		
		Page
Part 1 - Overview		
1	Scope and Observance	3
2	Responsibilities	3 – 4
3	Corporate Governance	4 – 5
4	Framework for Financial Administration	5
5	Review of Financial Regulations	5
6	Legal Interpretation	5
Part 2 – Financial Management		
7	Accounting Procedures and Reporting	6
8	Capital Planning	6
9	Control of Capital Expenditure	7
10	Revenue Estimates	7
11	Control of Revenue Expenditure including Virement	8
Part 3 – Financial Governance		
12	Banking Arrangements	9
13	Contracts for Building, Engineering and Associated Works	9
14	Income	10
15	Insurance, Risk Management and Business Continuity Planning	10 – 11
16	Internal and External Audit	11 – 12
17	Internal Control and Authorisation	13 - 15
18	Inventories and Stores	15
19	Members Allowance and Expenses	16
20	Orders for Works, Goods and Services	16 – 17
21	Payroll, Pensions and Travel and Subsistence	17 – 18

NOT PROTECTIVELY MARKED

22	Payments of Accounts, Grants, Contributions and Subscriptions	18 – 19
23	Petty Cash (Imprests)	19 – 20
24	Prevention and Detection of Fraud	20
25	Property and Security	20 – 22
26	Receipt of Gifts, Gratuities and Hospitality etc	22
27	Retention of Financial Documents	22
28	Tax and VAT Management	23
Part 4 – Glossary of Terms		25

Section 1 – Overview

1 SCOPE AND OBSERVANCE

- 1.1 Section 95 of the Local Government (Scotland) Act 1973, (“the 1973 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 an appropriate officer (“the Proper Officer”) with full responsibility for their governance.

The Local Authority Accounts (Scotland) Regulations 1985 (“the 1985 Regulations) places upon the “Proper Officer” the duty to determine the system of accounting control and the form of accounts and supporting records, and to ensure that these accounts and records are kept up to date.

For the purposes of “the 1973 Act and “the 1985 Regulations”, the “Proper Officer” is the Treasurer of the Northern Joint Police Board – the Director of Finance of Highland Council. These Regulations are part of the “proper administration of the Board’s financial affairs”.

- 1.2 The Board, its Members and Officials shall observe these Regulations and supporting Guidance Notes.
- 1.3 Any contravention of or potential non-compliance with these Regulations will be reported immediately to the Chief Constable, who will discuss the matter with the Treasurer to determine any action to be taken.

2 RESPONSIBILITIES

2.1 Force/Board

2.1.1 Northern Constabulary (the Force) through Northern Joint Police Board (the 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 Constable will advise the Board on the financial implications of the Force’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 Board, in terms of Section 95 of the Local Government (Scotland) Act 1973. The post holder is responsible for the proper financial administration of the Board’s affairs, and acts as financial adviser to the Board.

2.2.2 Any reference in these Regulations to the Treasurer includes those specifically authorised by them to undertake the various functions concerned.

2.3 The Chief Constable

2.3.1 The Chief Constable 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 Board’s finances should only be conducted by properly authorised employees. In respect of delegated activity the Chief Constable will establish a clear and effective framework of authorisation.

2.3.3 The Chief Constable and other authorised persons will ensure that only expenditure within the legal powers of the Board is incurred. Where this is not clear, the authorised

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person will consult the Force Director of Finance and Asset Management 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 The Chief Constable 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 Treasurer.

2.4 Personal Responsibilities

- 2.4.1 All elected Members and employees of the Force 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 Board's requirements under these Regulations and other similar policies.

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 Director of Finance and Asset Management.

- 2.4.2 All elected Members and employees of the Force should strive to achieve best value for money and avoid legal challenge to the Board. These responsibilities similarly apply when members or employees are representing the Board on external bodies and Joint Ventures.

- 2.4.3 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.

- 2.4.4 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 Board. On occasions, it is likely that their duties owed to the outside body and to the Board 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.

- 2.4.5 All employees must report to their line Manager 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 (Force Reference Document on Whistleblowing).

3 CORPORATE GOVERNANCE

- 3.1 Corporate governance is about the structures and processes for decision making and accountability, controls and behaviour throughout the Force. The fundamental principles of corporate governance are:

Openness: anyone with an interest in the Force'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 Force'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 Board's funds and the management of the Board's affairs. Integrity is dependent on the effectiveness of the control framework and on the personal standards and professionalism of Members and employees.

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

These Financial Regulations supported by the Guidance Notes are an essential component of the Corporate Governance of the Board. However in order to demonstrate that they are complying with these fundamental principles the Board 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.

In order to ensure compliance with good governance the Chief Constable 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 Constable within the context of the Board's political management framework. These Regulations may only be amended by the Board, following advice from the Treasurer.
- 4.2 The Treasurer as the 'Proper Officer' for the proper administration of the Board's financial affairs will oversee the operation of these Regulations within the Board. These, together with supporting Guidance Notes, provide all Members and Employees with the written framework which governs the Board's 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 Force Reference Documents/Finance Procedures. 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 Board 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 the Legal Section of Highland Council.

Section 2 – Financial Management

7 ACCOUNTING PROCEDURES AND REPORTING

Introduction

This Section gives advice on the Board’s requirements for accounting procedures and records, production and publication of Annual Accounts, maintenance of an asset register and the presentation of External Audit reports to the Audit Working Group.

- 7.1 The accounting procedures and records of the Board will be prepared in accordance with directions provided by the Treasurer, in consultation with the Director of Finance and Asset Management.
- 7.2 The Annual Accounts will be prepared in accordance with proper accounting practice.
- 7.3 The Chief Constable must provide any information necessary for the closure of the Accounts and within prescribed timescales.
- 7.4 In accordance with statutory requirements, the Chief Constable will ensure that a register of all assets owned by the Board is maintained. To enable the asset register to be updated and maintained, all procedures and requirements issued by the Director of Finance and Asset Management (or any person to whom maintenance of the register is delegated) should be complied with.
- 7.5 The Treasurer will arrange the presentation of all External Audit reports including reports on the audited Annual Accounts to the Audit Working Group, and make appropriate arrangements for the public inspection of the Board’s Accounts.
- 7.6 Any matter which is liable to have a material effect on the Board’s finances will be discussed with the Treasurer, before any provisional or other commitment is incurred. This includes the submission of draft reports.
- 7.7 Reports to the Board containing material financial implications will be discussed with the Treasurer.

8 CAPITAL PLANNING

- 8.1 The following procedures apply to the preparation of the Board’s Capital Plans:
- 8.2 The Board will approve a Capital Programme, prepared by the Chief Constable (detailing the estimated capital expenditure for each project), covering three financial years with regard to:
 - (a) the Board’s corporate values and priorities;
 - (b) the nature and scale of local investment needs; and
 - (c) the availability of capital resources.
- 8.3 Once the Capital Programmes have been approved by the Board, the Chief Constable will ensure that all statutory and non statutory approvals and permissions, including legal entry to any land or buildings, are available in due time.
- 8.4 Approval of the Capital Programme shall constitute authority to incur such expenditure
- 8.5 Nothing in these regulations shall prevent the Chief Constable 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

Introduction

This Section details the Board's requirements for monitoring Capital Expenditure in relation to the Capital Projects approved. Capital Projects are monitored internally via the Capital and Project Monitoring Group (CPMG).

- 9.1 The Board will approve, monitor and regulate the financial performance of the Board's Capital programme.
- 9.2 The Capital Programme is monitored internally, via the Force Capital and Project Monitoring Group (CPMG). In order to enable the Board to monitor and regulate the financial performance of the Capital Programme, the Chief Constable, in consultation with the Treasurer, will provide monitoring statements comparing estimated with actual performance, to each meeting of the Board. The CPMG will monitor spend on capital projects, and report back to the Chief Constable who 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.

Any changes made should be reported to the next Board meeting.

10 REVENUE ESTIMATES

Introduction

This Section details the Board's requirements for the preparation of Revenue Estimates. Service Unit Managers and Area Commanders have a key role to play in supplying the Director of Finance and Asset Management with accurate and timeous information, in order to ensure that realistic Budgets are set. The approval of the Revenue Estimates by the Board gives the Chief Constable the authority to incur appropriate expenditure.

- 10.1 The format of the Revenue Estimates will be determined by the Director of Finance and Asset Management in consultation with the Treasurer..
- The Director of Finance and Asset Management will issue detailed guidance to Service Unit Managers/Divisional Commanders on the preparation of revenue estimates. The guidance to be issued will be reviewed on an annual basis to ensure its appropriateness in light of current circumstances.
- 10.2 The Director of Finance and Asset Management will annually prepare revenue estimates of income and expenditure for the forthcoming financial year. In addition, revenue estimates will be prepared on a cycle that reflects central government's three year settlement periods. In order to timeously complete these estimates, Service Unit Managers/Divisional Commanders will provide all information required within the prescribed timescales. Service Unit Managers/Divisional Commanders should ensure that revenue estimates meet, as far as is practicable, Unit, Area and Force objectives.
- 10.3 The Board will review and approve the Revenue Estimates, with any revision necessary.
- 10.4 Approval of the Revenue Estimates gives the Chief Constable authority to incur expenditure and to raise income, within the scope of Board policy to the extent of the budget amount. The Chief Constable cannot incur expenditure on items rejected or deferred by the Board.

11 CONTROL OF REVENUE EXPENDITURE INCLUDING VIREMENT

Introduction

This Section provides details of the Board's requirements for budgetary control, and virement, and delegated powers in respect of expenditure to be incurred in emergency situations.

Budget monitoring is an essential tool in developing a business and management culture which continually monitors and reviews the use of resources in seeking to achieve the strategic aims of the Board.

**Guidance Notes: Budgetary Control
 Journal Entries
 Budget Virement**

- 11.1 It will be the duty of the Chief Constable to monitor and control Revenue Budgets, and to ensure that an accountable budget holder is identified for each area of income and expenditure.
- 11.2 It will be the duty of Service Unit Managers/Divisional Commanders to monitor and control Revenue budgets for their Unit, and if necessary submit requests for supplementary estimates to the Capital and Project Monitoring Group (CPMG). In particular they should ensure that an accountable budget holder is identified for each item of income and expenditure (grouped together in cost centres), for the Unit/Division.
- 11.3 In order to assist in this matter the Director of Finance and Asset Management, in consultation with the Treasurer, will ensure that an appropriate framework for budgetary management and control is in place, and that regular monitoring statements are produced in an appropriate format for monitoring purposes.
- 11.4 The Chief Constable, in consultation with the Treasurer, will produce summarised monitoring reports for each Board meeting. These reports will include details of any significant variances between known, or perceived actual, areas of expenditure and income, and the Revenue Budget, and recommend remedial action.
- 11.5 The Chief Constable has the following delegated powers in respect of expenditure of an emergency nature:
- To authorise expenditure of an emergency nature in consultation with the Treasurer, provided that the authorisation is reported to the first available meeting of the NJPB.
- To take such immediate action, as may be necessary to protect the interests of the Board in relation to:
- i) Emergencies arising from industrial action by employees, or groups of the Board,
- ii) Any other emergency which, in the opinion of the Chief Constable, requires such action, in consultation with the appropriate officers and elected Members.
- 11.6 Budget holders have the responsibility to ensure that the principles outlined in the Guidance Notes on Budgetary Control and Budget Virement are incorporated within working practices.
- 11.7 Maintenance of appropriate costing systems is essential for the regular monitoring of performance and allocation of costs in the financial ledger. Reconciliation of any costing systems not linked to the financial ledger system will be carried out by Force on a regular basis, and will be open to review by the Treasurer.

Section 3 – Financial Governance

12 BANKING ARRANGEMENTS

Introduction

This Section details the Board's requirements for banking.

- 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 Force employees involved in cheque handling or control will be made aware that:
 - 12.4.1 Under no circumstances will any of the Force's cheques be altered. Any cheque which has been altered will be treated as a fraudulent attempt to obtain payment.
 - 12.4.2 Requests to issue or re-issue a cheque to a third party will normally be refused. The Force is bound to pay its creditors but not to settle affairs on their behalf. However, under exceptional circumstances the Treasurer may alter the name of the payee and delete the crossing, only.
 - 12.4.3 Where a creditor reports the non-receipt or loss of a cheque, the Creditors Section of the Highland Council Finance Service will check whether the cheque has been cashed and put a 'stop' on it with the bank. Replacement cheques will be issued only where cheques have not been cashed, if the bank has 'stopped' the cheque, and an indemnity certificate has been completed by the creditor.
- 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).
- 12.6 All income received should be banked intact and without delay in line with instructions issued in the Guidance Note: Receipt of Income.

13 CONTRACTS FOR BUILDING, ENGINEERING AND ASSOCIATED WORKS

Introduction

This Section introduces the Board's procedures that are designed to ensure that there is appropriate administration activity to the entering into by the Board or on its behalf, of contracts for the supply, or lease, of Supplies, Services, and Works.

Full details on this subject are available with the Board's Policy Document entitled, Standing Orders Relating to Contracts.

14 INCOME

Introduction

This Section details the Board's requirements for dealing with income. It includes:

- a review of charges at least annually
- arrangements for collection, custody, control and banking of income

Guidance Notes: Receipt of Income Issue of Debtors Accounts

- 14.1 The Chief Constable will review charges or tariffs annually relating to the Board and report thereon to the Board.
- 14.2 The Treasurer will define arrangements to ensure the appropriate recording of all income due, and the proper collection, control and banking of all income due to the Force (Guidance Note – Receipt of Income).
- 14.3 The Treasurer will approve the format of all receipts, books, tickets and other such items and ensure that appropriate arrangements are in place for all ordering, supply and control. Documents should be retained securely in accordance with the Force Reference Document (FRD) - Retention of Records and Publications Policy.
- 14.4 All income received on behalf of the Board will be deposited promptly and intact.
- 14.5 Transfers of income between employees must be evidenced in Force records, including a signature for its receipt.
- 14.6 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 Constable must ensure that debtor accounts are rendered within 14 days from the due date (or month end for regular invoicing) as detailed in the Guidance Note Issues of Debtors Accounts. Debtor accounts, once raised, may only be cancelled by an appropriate authorised officer, where it has been raised in error.
- 14.7 The Chief Constable will provide the Treasurer with details of staff permitted to enter debtor invoices in Accounts Receivable, on the prescribed form.
- 14.8 The Treasurer shall lodge claims with the appropriate person (including Liquidators and Trustees in Sequestration) in relation to sums due to the Force.
- 14.9 Information on the procedures for writing off debt due to the Force, but unpaid, is contained within the Guidance Note entitled Issue of Debtors Accounts.

15 INSURANCE, RISK MANAGEMENT AND BUSINESS CONTINUITY PLANNING

Introduction

This Section provides details of the Board's arrangements and policies for Insurance, Risk Management and Business Continuity Planning.

The Local Government in Scotland Act (2003) places a duty on Local Authorities to put in place sound governance arrangements that include risk management.

Northern Constabulary has a Risk Management Strategy which has been approved by the Board. This strategy includes guidance, roles and responsibilities as well as outlining the process by which the Force identifies and manages its risks.

**Guidance Note: Insurance Claims Procedure
Vacant Properties**

15.1 Insurance Arrangements

- 15.1.1 The Treasurer may appoint Insurance Brokers, Advisers, Insurers/Underwriters and Claims Handlers, to advise on all aspects of insurance and risk management.
- 15.1.2 The Chief Constable will notify the Treasurer of any asset which requires to be insured or which may affect the Board's existing insurance arrangements.
- 15.1.3 The Treasurer will take out the necessary insurances to protect the interests of the Board and will review the terms and conditions of such insurances as required.
- 15.1.4 The Clerk in conjunction with the Treasurer and Chief Constable may decide to make ex-gratia payments, subject to a prescribed maximum limit, in terms of Board policy.

15.2 Review of Insurances

- 15.2.1 The Treasurer, in consultation with the Chief Constable, shall annually, or as necessary, review all insurances.

15.3 Claims Procedure

- 15.3.1 The Chief Constable will immediately notify the Treasurer of all losses as detailed in the Guidance Note Insurance Claims Procedure.

15.4 Claims Administration

- 15.4.1 The Chief Constable will review the internal claims performance with the Treasurer and agree appropriate action to be taken.

15.5 Vacant Properties

- 15.5.1 The Chief Constable will notify the Insurance and Risk Management Section, of vacant properties as outlined in the Guidance Note entitled Vacant Properties.

15.6 Business Continuity Planning

- 15.6.1 The Force has a need to sustain the essential services and activities it provides regardless of such disruptive influences as staff shortage, loss of power supplies or breakdown of supply chain.

In order to address such eventualities the Force has drafted a Business Continuity Plan.

- 15.6.2 This plan provides a framework within which the use of initiative can make a positive contribution. It is important therefore the Chief Constable ensures that staff, at all levels understand the framework set within this plan.

16 INTERNAL AND EXTERNAL AUDIT

Introduction

This Section provides information relating to the services provided to the Board by both Internal and External Audit.

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The Board's Internal Audit function is provided by Highland Council Internal Audit Section.

The Policies and Standards adopted by Highland Council Internal Audit Section on behalf of the Board, are documented in an Audit Manual, approved by the Councils Audit and Scrutiny Committee. In this Manual the Board endorses the standards established in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom and adopts the principles contained therein.

External Audit is independent of the Board. Their authority is mostly contained within the Local Government (Scotland) Act 1973.

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.

16.1 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;
- How effectively the force complies with the requirements of Best Value.

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

- Enter all Force and 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 Force or Board to produce cash, stores or any other Force or 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

16.2 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 Constable will immediately notify the Treasurer, who shall take such steps as considered necessary. Action taken by the Treasurer will comply with the Board's Strategy for the Prevention and Detection of Fraud.

16.3 In terms of the Board's Whistleblowing Policy, any complaint, once demonstrated to suggest an irregularity may have been committed, or the information available contains sufficient grounds for concern, must be referred to the Treasurer for further investigation, and appropriate action (in accordance with the Board's policies for dealing with serious complaints.)

16.4 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 concern as they may have.

17 INTERNAL CONTROL AND AUTHORISATION

Introduction

This Section provides advice on authorisation and internal control. The Chief Constable is required to ensure the principles outlined are incorporated in the working practices of their Service.

The Board requires its employees to be accountable. This means employees will understand and accept responsibility for their actions. Employees engaged in financial administration must therefore:

- be capable of performing work allocated to them;**
- devote sufficient time to carry out their duties properly;**
- undertake their tasks efficiently; and**
- be demonstrably above reproach**

17.1 Internal Control

17.1.1 The Board will implement internal controls to ensure that the Board's 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

17.1.2 Segregation of duties should ensure that 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.

17.1.3 To reduce the chance of errors, all financial transactions must be subject to internal check at every stage. Controls will be evidenced by signing the documents involved by both the person undertaking the work and the person checking it.

17.1.4 When the 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, as detailed in its User Manual, which is open to review by the Treasurer.

For the purposes of security, key systems are protected and as such it is absolutely crucial that passwords are not disclosed under any circumstances. The procedures for access controls are detailed in the Information Systems Security Policy.

17.1.5 The Director of Finance and Asset Management is responsible for advising the Force on effective systems of 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 give assurance as to the adequacy of internal control when any financial system is being introduced, or materially altered

17.2 Authorisation

17.2.1 The Board will only enter into transactions that are required for the essential conduct of its business, or that of a Partnership activity. Consequently, all financial

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transactions will be authorised before being effected.

A register of authorised signatories and users for both computerised and manual systems, is held in the Finance and Asset Management Unit. In order to maintain this register the Director of Finance and Asset Management will be advised by way of the prescribed form of:

- (a) the names, designations and locations of staff appointed as authorised signatories or users;
- (b) any financial limits applicable to individual authorising officers;
- (c) the types of transactions which they approve; and

Sample signatures of authorising officers will also be supplied.

Any amendments to this register, e.g. leavers, amended responsibilities, will immediately be notified to the Director of Finance and Asset Management, by Service Unit Managers/Divisional Commanders.

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

for orders

goods or services are relevant to the Board's or Partnerships needs, in type and quantity; are being procured at an appropriate price and quality from an approved source; and there are sufficient uncommitted funds available from the relevant budget to pay for the item(s);

for timesheets and overtime claims

hours stated were actually worked by the employee concerned, has not been previously paid, and are in accordance with entitlements within the contract of employment;

for expense claims

the activity claimed was approved in advance; performed in the manner stated; and was necessary to the business of the Board. The claim conforms with the relevant rates, scales or entitlements, is not excessive and has not previously been paid;

for petty cash claims (imprest)

the expenditure incurred was on individual items of a minor nature (less than £50); is fully supported by till receipts or other reliable vouchers; is allocated to valid account codes and the imprest account has been inspected and the cash in hand checked in accordance with the correct procedures;

for invoices (including interim contract payments)

the goods or services were received by the Board, or its Partnership in good condition and met the required quality standard; the liability to pay is the Board's or Partnerships, and is a legitimate expense; the price paid is consistent with order details or other contractual arrangement with the supplier; the invoice has not previously been paid; and the costs have been allocated to appropriate codes in the Board's accounting records; and

for accounts receivable (including sundry debtors)

the account represents 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.

- 17.2.3 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.

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- 17.2.4 Officers will not authorise transactions in which they have a personal interest.
- 17.2.5 When officers authorise manual transactions they must sign their name in full. The use of initials alone or an ink stamp is not acceptable.
- 17.2.6 Service Unit Managers/Divisional Commanders are responsible for determining the numbers and distribution of authorised signatories and authorised users to meet their needs within the management structures of their Unit/Division.
- 17.2.7 An annual review of all such authorisations must be carried out by each Unit/Division to ensure that any list of names submitted to or held by the Director of Finance and Asset Management is complete and current.

17.3 Corporate Governance Assurance Statements

- 17.3.1 The Head of Internal Audit and Risk Management should annually provide the Board with an opinion on the adequacy and effectiveness of its system of internal control.

18 INVENTORIES AND STORES

Introduction

This section gives details of Board requirements for inventories, stores and costing. As Inventories relate mainly to furniture and equipment, procedures are therefore applicable to all Force locations.

Note

Confusion often arises between the meaning of 'inventories' and 'stores' or 'stock'. For ease of reference the Code uses these terms as follows:

Inventories: furniture, fittings, equipment, plant, machinery, vehicles, computer equipment, software and other similar items.

Stock or Stores: items used in the delivery of a service - fuel, uniforms, equipment, stationery, ingredients, and other similar items.

Guidance Notes: Inventory Maintenance Identification and Disposal of Surplus Assets Stocks and Stores

- 18.1 The Chief Constable will be responsible for maintaining a perpetual or continuous inventory for all assets. Where discrepancies are noted positive action should be taken to rectify the situation.
- 18.2 The Chief Constable will implement stock, stores control and costing systems, relevant to the Board's business needs, in consultation with the Director of Finance and Asset Management. Service Unit Managers/Divisional Commanders will comply with the Stores Guidance Note "Stocks and Stores" issued by the Director of Finance and Asset Management.
- 18.3 The maintenance of Stores will be the responsibility of the Chief Constable, who will ensure stocktaking is carried out at regular intervals. Supervision of stocktaking checks will be agreed in consultation with the Director of Finance and Asset Management and will not involve staff directly involved in stores activity.

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.

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Except in specific circumstances, stocks and stores held will not be in excess of operational requirements.

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 Constable and subject to maintenance of appropriate records.

The Chief Constable will provide the Treasurer with records of stocks and stores held at 31st March each year (or other date requested by the Treasurer), by the date requested by the Treasurer.

19 MEMBERS ALLOWANCES AND EXPENSES

Introduction

This Section details the Board's requirements for the payment of Member's Allowances and Expenses and provides guidance on claims procedures.

- 19.1 Payment of Member's Allowances will be in accordance with the Highland Council scheme adopted by the Board, namely Members' Allowances and Expenses, Guidance for Members.
- 19.2 Payment of Basic Allowance and special responsibility allowance will be made on a monthly basis by the Treasurer. Members are not required to submit a claim.
- 19.3 Members are entitled to payment of travel and subsistence expenses relating to approved duties. Members are required to submit claims on official expenses 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.
- 19.4 The Treasurer will maintain records of all Allowances and Expenses paid to or on behalf of Members under the Scheme, detailing name, amount and nature of payment.

These will be available for inspection by 1st June each year.

20 ORDERS FOR WORK, GOODS AND SERVICES

Introduction

This Section provides details of the Board's activity in relation to purchasing, a subject that has a major impact on the Board. It has therefore made specific arrangements for this activity:

- through authorised Budget Holders**
- through the Procurement function within the Finance and Asset Management Unit**
- in accordance with the Standing Orders Relating to Contracts**

Guidance Notes: Procurement Purchase Card Guides

- 20.1 All goods, materials or services supplied to the Board will be the subject of the Boards Procurement Policy.
- 20.2 The Director of Finance and Asset Management is responsible for setting up central purchasing contracts and for notifying this information to Service Unit Managers/Divisional Commanders. Where such contracts are in place Service Unit Managers/Divisional Commanders must ensure that all staff are aware of, and comply with these arrangements.
- 20.3 All goods, materials or services supplied to the Board will be the subject of an authorised official order. The only exclusions being – petty cash purchases, utility payments, and

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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.

- 20.4 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.
- 20.5 A current list of authorised users, including specimen signatures, will be maintained by the Force and will be provided to the Director of Finance and asset Management on the prescribed form.
- 20.6 Orders must be priced and should be given to the supplier in advance of any work, goods or services being provided to the Board. In emergency situations outwith the control of the Board, verbal orders can be given. Confirmation of the order must be given as soon as possible thereafter.
- 20.7 Where goods are obtained through use of a purchasing card, the Force Purchasing Card procedures should be adhered to.

21 PAYROLL, PENSIONS, TRAVEL AND SUBSISTENCE

This Section provides details of the Force's requirements for payroll, travel and subsistence and pensions. Although the Chief Constable is responsible for payment, it is essential that Service Units and Divisions have systems in place to ensure timeous and accurate information is passed to the Director of Human Resources. Service Unit Managers and Divisional Commanders must ensure that all payroll costs are accurate and that leavers are deleted timeously from the payroll.

- 21.1 Employee salaries, wages, pensions, compensation, expenses, subsistence, claims and other emoluments will be paid by the Director of Human Resources to all employees of the Force.
- 21.2 The Director of Human Resources will be responsible for the payment of all appropriate wages and salary agreements to Force employees and together with the Chief Constable, for informing Service Unit Managers and Divisional Commanders of any changes to Conditions of Service.
- 21.3 The Chief Constable or appropriate Service Unit Managers/Divisional Commander will formally notify the Director of Human Resources as soon as possible of all matters affecting payments of emoluments. Including:
 - 21.3.1 appointments, resignations, dismissals, suspensions, secondments and transfers;
 - 21.3.2 changes in remuneration, other than normal increments, pay awards and agreements of general application;
 - 21.3.3 absences from duty for sickness or other reasons other than approved annual/flexi leave; and
 - 21.3.4 information required to maintain records for superannuation, income tax and social security purposes.
- 21.4 Service Unit Managers and Divisional Commanders are responsible for ensuring that appointments of staff within their Unit/Division are made in accordance with the staff structures approved by the Board.

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- 21.5 Information required for payroll processing will be in a format approved by the Director of Human Resources and be authorised by an appropriate authorised signatory.
- 21.6 All payroll and pension documents must be in a form approved by the Director of Human Resources. Where appropriate, these forms should be signed by the claimant prior to being signed by an authorised person.
- 21.7 Service Unit Managers and Divisional Commanders should ensure that authorisation and internal control procedures applied within the activity of payroll etc comply with Section 17 – Internal Control and Authorisation.
- 21.8 The Director of Human Resources, in consultation with the Treasurer will be responsible for the administration and regulation of employee expenses.
- 21.9 Certified claims for car allowances, subsistence allowances, travelling and incidental expenses will be submitted in a format approved by the Director of Human Resources by agreed dates. Details of all authorised signatories and any amendments will be provided to the Director of Human Resources by Service Unit Managers and Divisional Commanders.
- 21.10 Certification of any claim by Service Unit Managers and Divisional Commanders indicates satisfaction as to the accuracy of the claim and that it agrees with all terms of the relevant Force Reference Document.
- 21.11 Service Unit Managers and Divisional Commanders will regularly review the arrangements in place within their Unit/Division for the certification of any claim to ensure that checks are being performed to the standards detailed in the appropriate Force Reference Document.
- 21.12 Service Unit Managers and Divisional Commanders will timeously provide the Director of Human Resources with any details required for the annual return of taxable emoluments.

22 PAYMENT OF ACCOUNTS, GRANTS, CONTRIBUTIONS AND SUBSCRIPTIONS

Introduction

This Section details the Board's requirements for payments of accounts, grants etc. It includes procedures to ensure that the Board and any Partner only makes payments which are due to be paid and for the correct amount.

Service Unit Managers/Divisional Commanders will ensure that appropriate and efficient systems operate within their Units/Divisions and that of any Partner, for certification of invoices for payment.

Guidance Note: Receipt of Goods and Payment of Creditor Invoices

- 22.1 Apart from petty cash and other payments from imprest accounts, payments from the Board will be via BACS, cheque, CHAPS or other mechanisms in accordance with the banking arrangements made by the Treasurer or authorised signatory. Where goods are obtained through use of a purchasing card, Force Purchasing Card procedures should be adhered to.
- 22.2 For internal control purposes, the Chief Constable will ensure the separation of duties of employees responsible for the ordering process from employees responsible for the invoice certification process unless alternative arrangements have been agreed in advance with the Treasurer.
- 22.3 The Chief Constable will arrange timeous processing of invoices for payment and internal recharges after ensuring that:

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- (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 are in accordance with 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; and
 - (vii) where internal recharges are processed prior to certification the charge will be agreed by the relevant parties as soon as possible after processing.
- 22.4 The Chief Constable should ensure that Authorisation and Internal Control procedures applied within the activity of Account Payments etc comply with Section 17.
- 22.5 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 previously processed. In respect of Accounts Payable, 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 that it is a duplicate invoice.
- 22.6 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 which will be processed timeously on the payments system.
- 22.7 The format of recharges to, from and within Units/Divisions will be approved by the Director of Finance and Asset Management.
- 22.8 The Treasurer will annually issue instructions on the procedure to be followed regarding invoices, unpaid at the end of the Financial Year.

23 PETTY CASH (IMPRESTS)

Introduction

This Section details the Board's requirements for the operation of petty cash expenditure. It includes:

- **Operational procedures Security**
- **The type of payments - essentially of a small nature**
- **The submission of an annual certificate of balance at financial year end**

Guidance Note: Petty Cash and Cash Floats

- 23.1 The Treasurer will provide advances for petty cash, cash floats, and other expenses as appropriate, to staff authorised for this purpose by the Chief Constable.
- 23.2 Bank Accounts for the use of 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.
- 23.3 Income received on behalf of the Board will not be paid into Imprest accounts.

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- 23.4 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.
- 23.5 The Treasurer's Guidance Note Petty Cash and Cash Floats must be complied with.
- 23.6 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.
- 23.7 On leaving the employment of the Board, or when ceasing to be entitled to hold an Imprest, officers will account for any amounts advanced, in line with instructions contained in the guidance note.

24 PREVENTION AND DETECTION OF FRAUD

Introduction

This Section provides information relative to the Board's Strategy for the Prevention and Detection of Fraud and Corruption ("The Strategy") and includes:

24.1 Strategy

- 24.1.1 The Board has a Strategy document relating to the Strategy for the Prevention and Detection of Fraud and Corruption.

The Chief Constable shall be responsible for ensuring that all employees are aware of the contents of this document and that employees adhere to the rules and regulations contained therein.

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 Constable will immediately notify the Treasurer. The Treasurer will take such steps as are considered necessary by way of investigation.

- 24.1.2 Where investigations indicate that a criminal offence may have been committed, the Chief Constable, in conjunction with the Treasurer, may report the matter to the Procurator Fiscal.

25 PROPERTY AND SECURITY

Introduction

This Section details the Board's requirements for Property and Security. It includes:

- **the maintenance of a land database together with a register of all Heritable Properties;**
- **custody of Title Deeds;**
- **security for cash, stores, furniture and equipment;**
- **security for keys;**
- **security for financial documents, cheques etc, data or information; and**
- **compliance with all Information System policies.**

- 25.1 The Chief Constable will maintain a register of all land and properties owned or leased by the

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Board.

This Register shall as far as practicable, include the following information:

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

A register of Plant and Vehicles should also be maintained.

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

- 25.2 The Chief Constable is responsible for proper security at all times of the property, cash, stock, stores, furniture, equipment, keys etc under their control. The Treasurer will be consulted in cases where security is thought to be defective or inadequate or that special security arrangements may be required.

The borrowing of Board assets is forbidden unless prior authority from the Chief Constable is received. Under no circumstances should equipment be borrowed for an employee's personal use.

The arrangements for the security of Information Systems/Technology, and associated data, software and services are detailed in the Information Systems Security Policy and Information Systems Security Framework. The acceptable usage of this policy, adopted by the Board, should be complied with at all times.

- 25.3 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.

- 25.4 The Chief Constable will advise the Treasurer of all circumstances within the Board where cash is held or is otherwise under the control of employees. Maximum limits for cash holdings will be agreed with the Treasurer and must not be exceeded without their approval.

- 25.5 The following procedures should form part of the arrangements the Chief Constable makes for the control and 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 such keys must be reported immediately to the Chief Constable;

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 appropriate Treasurer;

A register of keyholders must be held by the Business Unit/ Service Unit for each location.

- 25.6 All employees who may be required to receive or hold cash, valuables or property on behalf of the Board, should produce their identity card on request, to any person having reasonable

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grounds to know the identity of the holder.

- 25.7 The Treasurer will be responsible for ensuring that secure arrangements are in place for the preparation and storing of preprinted/presigned cheques, stock certificates, bonds and other financial documents.
- 25.8 The Chief Constable will be responsible for the security, custody and control of all documents within the Force. The retention period for all financially related books, forms and records will be as stated in the Board Retention of Records and Publications Strategy, and in consultation with the Treasurer.
- 25.9 The Chief Constable shall arrange adequate security measures, to cover pay advice notes and cheques from the time of receipt until they are handed over to the 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.

26 RECEIPT OF GIFTS, GRATUITIES AND HOSPITALITY ETC

Introduction

The Board has in place an approved Professional Standards and Conduct Manual 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.

- 26.1 The Chief Constable is responsible for ensuring that all employees are aware of the terms of the Professional Standards and Conduct Manual and that they comply with the conditions therein.

27 RETENTION OF FINANCIAL DOCUMENTS

Introduction

This Section provides detail on the retention and disposal of financial documents.

27.1 Retention Periods

- 27.1.1 Retention periods imposed by HMRC HM Revenue and Customs must be strictly adhered to.
- 27.1.2 Apart from these requirements the Chief Constable will decide what is to be retained, based on operational needs, the availability of storage facilities, and the Force Reference Document – Retention of Records and Publications. It should be recognised that the premature disposal of documents can be prejudicial to a number of enquiries, including fraud.
- 27.1.3 The Chief Constable will establish if there are any further retention requirements (e.g. contractual, legal, industry practice, etc) and must ensure that these are met.
- 27.1.4 Generally the original document will be retained. Therefore Unit/Divisional duplicate copies (e.g. of invoices) may be disposed of before the relevant time scales have passed. However, Units/Divisions must ensure that the original has been retained before disposing of any duplicates.
- 27.1.5 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

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on the most efficient methods of storage can be obtained from the Force Reference Document – Retention of Records and Publications.

27.1.6 While the advice contained herein is of a general nature any specific problems relating to Financial records should be addressed to the Treasurer.

27.2 Retention Periods

27.2.1 Guidance on retention periods is contained within the FRD - Retention of Records and Publications. The terms contained within that document should be strictly complied with.

28 TAX AND VAT MANAGEMENT

Introduction

This Section summarises the Board's requirements for Income Tax and VAT Management. It includes:

- **Allocation of responsibility for taxation to the Treasurer;**
- **The appointment of professional advisers; and**
- **The requirement for the Chief Constable to consult the Treasurer on transactions which have tax implications.**

Periodically the Board is inspected by the HMRC HM Revenue and Customs. These inspections may result in the imposition of penalties for non-compliance with tax law. Therefore, it is essential that the Chief Constable ensures that employees are aware of any relevant taxation matters and that where necessary guidance is obtained from the Treasurer.

Guidance on "VAT" has been issued by the Treasurer.

28.1 The Treasurer, in consultation with the Director of Finance and Asset Management, will be responsible for the taxation procedures of the Board, ensuring where possible, that tax liabilities and obligations are properly reported and accounted for, avoiding any possible losses.

28.2 In particular the Treasurer will be responsible for:

28.2.1 ensuring that transactions comply with relevant statutory requirements and authorities;

28.2.2 minimising the Board's tax liability; and

28.2.3 maximising the Board's tax flow.

28.3 In carrying out such responsibilities the Treasurer will:

28.3.1 define and allocate duties in relation to taxation and tax management;

28.3.2 ensure that financial control systems operate effectively, produce the necessary information and minimise the risk of error;

28.3.3 ensure appropriate guidance is provided to employees involved in processing tax related transactions;

28.3.4 ensure assistance is provided for any investigations undertaken by any Government Agency, and that justification for assessments made resulting from investigations are properly reviewed;

28.3.5 implement arrangements to monitor the execution of these responsibilities; and

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- 28.3.6 report any significant changes to the Board's tax affairs to the Board.
- 28.4 The Treasurer may appoint external tax specialists.
- 28.5 The Treasurer will be responsible for the dissemination of information on tax matters as appropriate. The Chief Constable will be responsible for implementing guidelines introduced by the Treasurer regarding any particular aspect of tax.
- 28.6 Where transactions of a new or unusual nature are being considered, the Chief Constable will consult with the Treasurer on the tax implications before committing the Board.

Section 4 – Glossary of Terms

Authorised Persons/Signatories	Officers of the Board granted approval by the Board or Chief Constable to undertake specific tasks
Budget Holder	The Officer with whom responsibility for particular budget(s) rests
Cost Centre	An establishment, Police Station, Management Unit etc
Force	Northern Constabulary
The 1973 Act	The Local Government (Scot) Act 1973
Board	Northern Joint Police Board
Service Unit Manager/Divisional Commanders	The Chief Constable, Service Unit Managers and Divisional Commander or any Officers so delegated by them to undertake specific tasks. This authority must be documented within the Force and comply with Section 17 of this document.
Contract Standing Orders	The Scheme for managing the Tendering Procedures of the Board
Employees	This term relates to any Officers/Officials of the Board
Treasurer	The Officer appointed as ‘the proper Officer’ in terms of Sec 95 of the 1973 Act or any Officer delegated by them.
Financial Systems	Means any process which has an element of financial activity either within the process itself or within its input or output
Virement	This refers to the switching of budgets from one budget head to another