



Financial Regulations

Northumberland National Park Authority

This document sets out the Authority's broad policies in relation to financial control and translates these into practical guidance.

These financial regulations are intended to maintain adequate and effective financial procedures, to demonstrate proper accountability for the use of public money and to safeguard Authority Members, Officers and staff.

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A GENERAL PROVISIONS

A1 Why do we have Financial Regulations?

A1.1 The Local Government Act 1972 directs that Authorities shall make arrangements for the proper administration of their financial affairs, and that some of their Officers be responsible for the administration of those affairs.

A1.2 Under powers contained in the Local Government Finance Act 1982 (s23 and s35) the Secretary of State's 'Account and Audit Regulations' require the accounts to be audited by external auditors. The Authority appointed Auditor is overseen by the Public Sector Audit Appointments Ltd (PSAA). The 'Accounts and Audit Regulations' also require that the 'Responsible Financial Officer' must determine and be responsible for the accounting systems and the form of both the accounts and supporting records of the Authority. That Officer must further ensure (by maintaining an effective and adequate audit) that rules so made are observed and that all records are maintained in a satisfactory manner. To conduct its business efficiently, a local Authority needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the Authority.

A2 Status of Financial Regulations

A2.1 This document sets out the Northumberland National Park Authority (the "Authority") financial regulations. It translates into practical guidance the Authority's broad policies relating to financial control. This document has been amended by revisions approved by the Authority at various meetings. The last revision prior to this was dated December 2020. It applies to the organisation and all its subsidiary undertakings. These financial regulations are intended to maintain adequate and effective financial procedures, to demonstrate proper accountability for the use of public money and to safeguard Authority Members, Officers and staff. They provide the framework for Authority Members and staff in administering the financial affairs of the Authority. These regulations must be adhered to by all members of staff who have delegated financial responsibilities or who are involved in financial administration in any way. All Members and Officers have a responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these assets is legal, properly authorised, provides value for money and achieves best value.

A2.2 The Chief Executive (National Park Officer) is also responsible for reporting, where appropriate, breaches of these financial regulations to the Authority.

A2.3 These regulations should be read in conjunction with:

- Standing Orders Relating to Contracts;
- Standing Orders for Regulation of Authority Procedures and Business;
- Scheme of Delegation to Committees, Groups and Officers;

- Grant Funding Agreement issued by the Department of the Environment, Food and Rural Affairs (DEFRA);
- The Treasury Management Policy and Strategy; and
- The Prudential Code for Capital Finance in Local Authorities.

B CORPORATE GOVERNANCE / RESPONSIBILITIES

B1 The Authority (Governing Body)

B1.1 The Authority is responsible for the management and administration of the organisation. Its financial responsibilities are:

- to ensure the solvency of the Authority;
- to safeguard the Authority's assets;
- to ensure the effective and efficient use of resources;
- to ensure the funds provided by the funding body (DEFRA) are used in accordance with the terms and conditions specified in the Authority's grant funding agreement with the funding body;
- monitoring of the Authority's budgetary position;
- to ensure that financial control systems are in place and are working effectively;
- to approve the organisation's strategic plans;
- to approve annual estimates of income and expenditure and the annual financial statements.

B2 Finance and Audit Group

B2.1 The Finance and Audit Group reviews finance and audit issues on behalf of the Authority and recommends changes to the Authority where appropriate.

B2.2 The key aims are to review:

- financial matters;
- financial performance and strategy
- Treasury Management
- Procurement Policy
- Strategic Risk Register
- Internal Audit reports and the annual Internal Audit Plan.
- External Audit reports and the annual External Audit Plan.

B3 Review Group

B3.1 The Review Group scrutinises the work of the National Park Authority through a participative 'high support/high challenge' culture of working, that is, all members adopt a positive approach to overcoming challenges and maximising opportunities when working with officers in the Review Group. The Review Group does not have decision making powers. Its recommendations and findings are communicated to the National Park Authority through reports from the Chief Executive.

B3.2 Review Group meetings are open to all National Park Authority members to participate in. The review and scrutiny function is not a statutory requirement for National Park Authorities. The meetings are conducted as a working group i.e., not open to the public.

B3.3 The Review Group draws membership from outside the National Park Authority's membership with two independent members being full members of the Review Group. In addition, the Review Group regularly invites partners, key stakeholders and statutory organisations to take part in the work.

B4 Leadership Team

B4.1 The Leadership Team is required to monitor the Authority's financial position in detail and the financial control systems in place. The Leadership Team will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the Authority. It will propose annually a budget for consideration by the Authority, including policy priorities for spending and also manage the Authority's resources for finance and manpower. It will consider any other matters relevant to the financial duties of the Authority and make recommendations accordingly.

B5 Chief Finance Officer (S151 Officer)

B5.1 The Chief Finance Officer is, for the purposes of Section 151 of the Local Government Act 1972 (applied by paragraph 13(6) of schedule 7 of the 1995 Act), the Officer responsible for the proper administration of the Authority's financial affairs. This role is taken by a suitably qualified member of staff, the Director of Finance and Resources.

B5.2 The Chief Finance Officer (S151 Officer) is responsible for:

- preparation of the annual statement of accounts;
- keeping proper financial records;
- taking reasonable steps to prevent and detect fraud and other irregularities
- providing a technical update service on financial matters to the Authority;
- reporting directly to members of the Authority (under S114 of the Local Government Act 1972) on potential illegal acts or where expenditure exceeds available resources;
- commenting on the financial aspects of significant proposals made to the Authority for consideration in line with the Prudential Code.

B6 Monitoring Officer

B6.1 The Monitoring Officer, in addition to other duties relating to Conduct of Members:

- reviews the legality of the Authority’s proposals;
- advises on the propriety of its internal and external procedures;
- receives and handles complaints as part of the normal Authority procedures.

B7 Directors

B7.1 The Director of Finance and Resources is responsible for the annual preparation of an Operational Plan and a rolling three-year financial plan for the Authority. He/she will monitor the plan, ensuring adherence and will report on any modifications to the plan.

B8 All Members of Staff

B8.1 All members of staff should be aware and have a general responsibility for the security of the Authority’s property, for avoiding loss and for due economy in the use of resources. They should ensure that they are aware of the organisation’s financial Authority limits and the values of purchases for which quotations and tenders are required.

B8.2 They shall make available any relevant records or information to the Finance Manager or their authorised representative in connection with the implementation of the Authority’s financial policies, financial regulations and the system of financial control.

B8.3 They shall provide the Finance Manager with such financial and other information as he or she may deem necessary, from time to time, to carry out the requirements of the Authority.

B8.4 They shall immediately notify the Director of Finance and Resources or the Finance Manager whenever any matter arises which involves, or is thought to involve, irregularities concerning, *inter alia*, cash or property of the Authority. The Director of Finance and Resources or the Finance Manager shall take such steps as considered necessary by way of investigation and report.

B9 Review and Update of Financial Regulations

B9.1 The Chief Finance Officer (S151 Officer), and the Finance Manager, will review the financial regulations every two years in order to ensure they remain current and reflect changes in organisational structure. All changes to these regulations must be approved by the Authority.

B10 Risk Management

- B10.1 The Authority acknowledges the risks inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its business objectives and financial health. The Authority's systems for managing risk are described in the Annual Assurance Framework which brings together the key corporate processes which help provide assurance to members that effective systems are in place to manage key areas of activity and the delivery of the Operational Plan.
- B10.2 Detailed guidance on the level of risk considered to be acceptable / unacceptable by the Authority is set out in a separate Strategic Risk Register.
- B10.3 The Authority has overall responsibility for ensuring there is a risk management framework and policy and a common approach to the management of risk throughout the Authority through the development, implementation and embedding within the organisation of a formal, structured risk management process.

B11 Whistleblowing

- B11.1 Whistleblowing in the context of the Public Interest Disclosure Act is the disclosure by an employee (or other party) about malpractice in the workplace. A whistleblower can blow the whistle about crime, civil offences (including negligence, breach of contract, etc), miscarriage of justice, danger to health and safety or the environment and the cover-up of any of these. It does not matter whether or not the information is confidential, and the whistleblowing can extend to malpractice occurring in the UK and any other country or territory. There is a formal approved policy which should be referred to for further guidance.

C FINANCIAL MANAGEMENT AND CONTROL

C1 Financial Planning

C1.1 Introduction

The Director of Finance and Resources is responsible for preparing annually an Operational Plan and a rolling three-year Financial Plan for approval by the Authority on the recommendation of the Leadership Team. The Director of Finance and Resources is also responsible for preparing financial forecasts for submission to the funding body (DEFRA). Financial plans should be consistent with the corporate plans approved by the Authority.

C1.2 Budget Objectives

The Authority will set annual budget objectives for the organisation. These will help the Chief Executive (National Park Officer) in preparing his/her more detailed financial plans for the organisation.

C1.3 Resource Allocation

Resources are allocated annually by the Authority on the recommendation of the Chief Executive (National Park Officer), and on the basis of the above objectives. Heads of Department are responsible for the economic, effective and efficient use of resources allocated to them.

C1.4 Budget Preparation

The Director of Finance and Resources/ Chief Finance Officer (S151 Officer) shall prepare Revenue and Capital Budgets each financial year. The plans and estimates shall be prepared in accordance with any agreed timetable and will be submitted to the Authority as part of the agreed timetable.

C1.5 Capital Programmes

- C1.5a The capital programme includes all expenditure on land, buildings, equipment, furniture and associated costs whether or not they are funded from capital grants or capitalised for inclusion in the organisation's financial statements. Expenditure of this type can only be considered as part of the capital programme approved by the Authority. The programme will include the amount of capital expenditure to be financed by borrowing, in accordance with the Prudential Code, which must also be approved by the Authority.
- C1.5b The Director of Finance and Resources will establish protocols for the inclusion of capital projects in the capital programme for approval by the Authority. These will set out the information that is required for each proposed project as well as the financial criteria that they are required to meet.
- C1.5c The Director of Finance and Resources will also establish procedures for the approval of variations, including the notification of large variations to the funding body where applicable, as laid down in funding body guidelines.
- C1.5d The Director of Finance and Resources is responsible for providing regular statements concerning all capital expenditure to the Leadership Team and Authority for monitoring purposes.
- C1.5e Following completion of a capital project, the Director of Finance and Resources shall produce a post-project evaluation or final report should be submitted to the Leadership Team including actual expenditure against budget and reconciling funding arrangements where a variance has occurred as well as other issues affecting completion of the project. Post-project evaluations may also need to be sent to the relevant funding body, as laid down in funding body guidelines.

C1.6 Establishing a Company or Joint Venture

The proposed establishment of a company or joint venture, which will require an investment in buildings, resources or staff time of more than £10,000 should be

presented for approval to the Authority if appropriate. The Chief Executive (National Park Officer) will establish protocols for these major developments to enable them to be considered for approval by the Authority. These will set out the information that is required for each proposed development as well as the financial criteria that they are required to meet.

C2 Financial Control

C2.1 Budgetary Control

The control of income and expenditure within an agreed budget is the responsibility of the designated budget holder, who must ensure that day-to-day monitoring is undertaken effectively. Budget holders are responsible to Senior Management through their Head of Department for the income and expenditure appropriate to their budget. Significant departures from agreed budgetary targets must be reported immediately to the relevant Director by the officer concerned and, if necessary, corrective action taken.

C2.2 Financial Information

The budget holders are assisted in their duties by management information provided by the Finance Manager. The types of management information available to the different levels of management are described in the detailed financial procedures, together with the timing at which they can be expected. The Finance Manager is responsible for supplying budgetary reports on all aspects of the Authority's finances to the Leadership Team and the Authority on a basis determined by them but subject to any specific requirements of the funding body. These reports are presented to the Authority, which has overall responsibility for the organisation's finances.

C2.3 Changes to the Approved Budget

C2.3a Changes proposed to the approved budget fall within the delegated approval arrangements and are to be considered by the Leadership Team. Any increases / decreases must be reported to the Authority.

C2.3b Budget changes will be recorded and tracked by the Finance Manager.

C2.4 Virement

C2.4a Heads of Department will be allowed to vire within their budgets up to £25,000 provided that the virement does not change the Business Plan / Operational Plan outcomes or change the means of delivery. If the outcomes or the means of delivery are likely to be affected then Leadership Team approval must be obtained, with subsequent reporting of the changes to the Authority. All virements must be effected through formal request to the Finance Manager who will ensure that the necessary budget book changes are made.

- C2.4b Heads of Department are permitted to make temporary staffing decisions within their total annual budget allocations without reference to the Authority.
- C2.4c Approval of the Authority should in all cases be obtained where virement may create an additional continuing commitment which could result in additional spending in future years.
- C2.4d The Finance Manager shall keep a permanent record of all decisions regarding virement, using a “Budget Change Authorisation” form.

C2.5 Treatment of Year-end Balances

At the year-end, budget holders are required to seek approval from the Leadership Team if they wish to carry forward a balance on their budget to the following year. A list of Leadership Team endorsed carry forward requests will be presented to the Authority in the annual outturn report for approval.

C2.6 Maintenance of Reserves

It is the responsibility of the Chief Finance Officer (Section 151 Officer) to provide the Authority with a written report on levels of reserves that are considered to be prudent. This advice is to be based on the annual risk assessment of the Authority.

C2.7 Revenue Budget Management and Control

- C2.7a Management and control of each section of the Authority’s budget (or part where appropriate) is the responsibility of the appropriate Head of Department. The Head of Department must ensure that there is a designated Officer managerially accountable to budgets where this responsibility is not taken on personally.
- C2.7b Budget holders will carry out regular budget monitoring and reporting to identify financial problems and recommend to the Leadership Team the management action necessary to resolve them. Reference may also need to be made to DEFRA under the grant regulations and/or to other funding bodies.

C2.8 Authorisation to Incur Revenue Expenditure

- C2.8a The Financial Plans (“budgets”) provide the framework for financial control.
- C2.8b Inclusion of revenue items in the approved budget implies that authority is available to enable spending without obtaining any further approval.
- C2.8c No member of staff is allowed to knowingly enter the Authority into commitments which would lead in practice to expenditure materially exceeding the approved annual budget or project budget provision. As soon as a potential overspend, or loss of income is identified it should be reported to the relevant Director.

- C2.8d Where a potential overspend or loss of income is identified by a budget holder, the relevant Director will be notified of the reason for the overspend and the proposed steps to be taken to ensure that the overall budget is not exceeded by identifying underspends on other budget heads.
- C2.8e Where underspends cannot be identified by budget holders, and the overall budget or project budget is likely to be exceeded, the Chief Executive (National Park Officer) shall report to the Authority setting out reasons for the overspend and identifying reductions in other budget heads to contain the overspend within the overall budget. This report must include the financial implications for the current year and, where appropriate, the following two years.

C2.9 Authorisation to Incur and Control Capital Expenditure

- C2.9a The definition of expenditure required to be capitalised is set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom and is categorised as tangible and intangible assets.
- C2.9b All capital expenditure proposals must be submitted to the Authority individually or in aggregate for inclusion in the approved capital programme.
- C2.9c Revised approval must be obtained if the cost of an item increases above the approved estimate by more than 10% or £10,000, whichever is the higher. Approved increases must be contained within the approved total programme. Exceptionally, the Authority's approval may be sought to increase the approved total programme.
- C2.9d The introduction of new capital items after the capital programme has been approved (whether additional or in substitution) requires the Authority's advance approval.
- C2.9e Capital items purchased must be recorded in the appropriate asset register or inventory.
- C2.9f The relevant Director or Head of Department will produce monitoring reports for the Leadership Team and will ensure that the capital projects are completed as far as possible within the approved timescale.

C2.10 Petty Cash Imprest Accounts

C2.10a The Chief Executive (National Park Officer) shall be authorised to make reasonable petty cash advances to Officers. Such accounts shall be in the name of Northumberland National Park Authority. Accounting Officers responsible for the operation and custody of a petty cash account shall render monthly statements.

C2.10b Accounting Officers shall:

- retain vouchers, including VAT receipts, to substantiate all payments;

- record all receipts and payments in a cash book or other form agreed by the Chief Finance Officer (S151 Officer);
- not exceed the stipulated maximum payment, without approval of the Finance Manager;
- not reimburse their own travel expenses (other than for the advance purchase of public transport tickets).

C2.11 Purchasing

C2.11a All purchasing activities must be carried out in accordance with the Procurement Policy.

C2.11b Orders shall be raised only by completion of a Purchase Order within the financial system, duly signed by an authorised person. If, in exceptional circumstances, it is necessary to issue an oral order, then such orders must be confirmed by an official order the same day or next working day.

C2.11c It is acknowledged that local authorities are expected to embrace e-purchasing. Purchase orders may be raised without signature where equivalent safeguards approved by the Finance Manager are put in place. It is still a requirement that the commitment incurred via e-purchasing is immediately recorded in the finance system.

C2.11d Every order issued shall be covered by an approved estimate and placed in accordance with any central purchasing or annual contracts or other forms of standardisation in existence at the time.

C2.11e The purchase of field team materials, travel expenditure and materials purchased over the internet may be made using an official company credit card, within specified limits. This expenditure will be checked by managers on a sample (e.g., 1 in 10) basis.

C2.12 Authorisation of Payments

C2.12a All payments will be made by the Chief Executive (National Park Officer) under approved arrangements. Financial limits for ordering and for certification and authorisation of invoices are published as tables in the Financial Procedures.

C2.12b Payments must be certified in manuscript or by electronic signature by (usually) the ordering Officer who will ensure there is conformity with the supplier's estimate (often on the invoice) and the official order. The certifying Officer shall ensure that:

- the goods or services as specified in the invoice have been received and are of satisfactory as quality and quantity;
- the necessary entries have been made in any inventories stores and other official records;
- the order and invoice match.

C2.12c Before being passed to Finance for payment processing, the certifying Officer needs to ensure that the invoice is authorised (refer to further detail of the financial limits for ordering and for certification and authorisation of invoices published in the Financial Procedures). The authorising Officer shall ensure that:

- the invoice matches the estimated amount on the order or that a satisfactory amendment has been made to the order;
- the invoice is for justifiable Authority expenditure;
- payments are to be made to legitimate suppliers.

C2.12d The final stage, “confirmation”, is to ensure compliance with the Standing Orders, Financial Regulations and Financial Procedures. This is carried out by the Finance Manager, Senior Finance Officer or other nominated Officer.

C2.12e The duties of ordering goods, certifying and authorising invoices may be performed by the same Officer for lower value purchases. The certifying and authorising of higher value payments must be undertaken by separate Officers. Refer to further detail of the financial limits for ordering and for certification and authorisation of invoices published in the Financial Procedures.

C2.12f The coding of spending to budget heads in such form as may be agreed with the Chief Executive (National Park Officer) shall be stated on all accounts submitted for payment.

C2.13 Capital Receipts/ Disposal of Land and Buildings

C2.13a The Director of Finance and Resources must be informed of all proposed sales of land and buildings so that Authority approval can be officially sought if agreement is not already in place through existing plans or under the scheme of delegation and the effect on financial and property management can be assessed.

C2.13b The Director of Finance and Resources is responsible for informing the Finance Manager to ensure the necessary book entries are undertaken and relevant accounting practices are followed both when the intention to dispose is agreed and upon actual disposal.

C2.13c The Director of Finance and Resources will be responsible for the negotiations of all such sales.

C2.13d Capital receipts must be accounted for separately from revenue income and Officers banking these monies must ensure accurate use of capital codes, as well as compliance with other regulations concerning income and banking.

C2.14 Leasing

C2.14a The Director of Finance and Resources or other delegated Officer will negotiate all vehicle, plant, furniture and equipment leases. Provision for the acquisition of leased items must be included in the Capital Programme.

C2.14b All property leases and other property acquisitions must be notified to the Director of Finance and Resources so that Authority approval can be officially sought if agreement is not already in place through existing plans or under the scheme of delegation and the effect on financial and property management can be assessed.

C2.15 Financial Training

The Directors and Heads of Department are responsible for ensuring that their staff receive appropriate training to undertake their financial responsibilities, in accordance with standards set by the Authority. Appraisal is an appropriate point to formally examine and record competency.

C3 Accounting Arrangements

C3.1 Introduction

- C3.1a The Chief Executive (National Park Officer) is responsible for ensuring that there are appropriate systems in force for keeping the accounts and financial records of the Authority and that the Authority's annual financial accounts and reports are prepared to meet statutory requirements. The Chief Finance Officer (S151 Officer) must approve the accounting systems and accounting records in use.
- C3.1b Accounting procedures will reflect recommended professional practices, and follow accounting principles determined from time to time by the Chief Finance Officer (S151 Officer), in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) standards or practice and the Grant Funding Agreement issued by DEFRA under which grant funding is paid and instructions and advice received from DEFRA and auditors.
- C3.1c No change must be made to existing accounting procedures without agreement from the Chief Finance Officer (S151 Officer). Failure to comply with the Grant Funding Agreement could involve the Authority in grant penalties.
- C3.1d Accounting procedures will be reviewed as necessary by the Finance Manager in consultation with the Director of Finance and Resources to ensure that they provide the information required by the Chief Executive (National Park Officer) without duplication of records.
- C3.1e The Director of Finance and Resources or the Finance Manager must examine and certify all submissions, estimates or claims for payment of grant by a Government Department or other funding body. Officers responsible for the administration of such grants, funds and spending associated with them must ensure compliance with the conditions of the grant/funding.
- C3.1f The Director of Finance and Resources or the Finance Manager must examine and certify where required any financial return to a Government Department or other body.

C3.2 Financial Year

The organisation’s financial year will run from 1 April until 31 March the following year.

C3.3 Format of the Financial Statements

The Chief Finance Officer (S151 Officer) is responsible for ensuring that the annual statement of accounts is prepared in accordance with the “Code of Practice on Local Authority Accounting in the UK: A Statement of Recommended Practice” (CIPFA/LASAAC). The Authority is responsible for approving the annual revenue and capital outturn and for agreeing procedures for carrying forward any under and over-spending on budget headings.

C3.4 Accounting Records

The Finance Manager is responsible for the retention of financial documents (digital and paper based). Accounting and other records must be retained for periods that comply with relevant legal requirements. The record retention policy provides detailed information.

C3.5 Taxation

The Finance Manager is responsible for advising budget holders, in the light of guidance issued by the appropriate bodies and relevant legislation as it applies, on all taxation issues, to the Authority. Therefore, the Finance Manager will provide advice to budget holders on compliance with statutory requirements including those concerning VAT, PAYE, national insurance, corporation tax, construction industry taxation and import duty. The Finance Manager is responsible for maintaining the Authority’s tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

C4 Audit

C4.1 External Audit

The responsibility for overseeing the appointed external auditors is the responsibility of Public Sector Audit Appointments Ltd (PSAA). The primary role of external audit is to report on the Authority’s financial statements and to carry out such examination of the statements and underlying records and control systems as are necessary to reach their opinion on the statements and to report on the appropriate use of funds. Their duties will be in accordance with advice set out in the funding body’s audit code of practice and the Auditing Practices Board’s statements of auditing standards.

C4.2 Internal Audit

C4.2a The appointment of the internal audit is the responsibility of the Authority.

C4.2b The Internal Auditor's responsibility for the stewardship and management of the Authority's financial affairs shall include:

- the soundness, adequacy and application of internal controls and the reliability of financial data;
- the extent to which the National Park Authority's assets and interests are safeguarded from losses of all kinds arising from fraud and other offences, waste and inefficiency;
- reporting to Leadership Team and annually to the Finance and Audit Group their findings of matters affecting the Authority's affairs.

C4.2c In order to carry out the above duties, the Internal Auditor and their staff shall be authorised to:

- visit National Park establishments;
- have access to all records and accounts, stock and cash;
- require assistance or explanations, written or oral, from staff concerned.

C4.2d The Chief Finance Officer (S151 Officer) will ensure that the external and internal auditors work together on their work programmes, sharing information and avoiding duplication of effort.

C4.3 Other Auditors

The Authority may, from time to time, be subject to audit or investigation by external bodies such as the funding body, National Audit Office, European Court of Auditors, Revenue and Customs. They have the same rights of access as external and internal auditors.

C4.4 Fraud and Corruption

C4.4a It is the duty of all Officers and Members of the Authority to notify the Chief Executive (National Park Officer) immediately upon becoming aware of any suspected fraud, corruption or any other impropriety affecting the business, finances or property of the Authority. The Chief Executive (National Park Officer) shall thereupon inform the Internal Auditor and Chief Finance Officer (S151 Officer). If the suspected fraud is thought to involve the Chief Executive (National Park Officer), the Officer or Member shall notify the Monitoring Officer directly of their concerns regarding fraud, corruption or any other impropriety.

C4.4b The Internal Auditor shall inform the Chief Executive (National Park Officer) immediately upon discovery or suspicion of any fraud, corruption or any other impropriety on the part of any employee of the Authority or otherwise affecting the business/ finances of the Authority.

C4.4c The Chief Executive (National Park Officer) shall immediately invoke the Fraud Response Plan as set out in the Anti-Fraud and Corruption Strategy, Section 5

Detection and Investigation, which incorporates the following key elements shown in C4.4d to C4.4g below.

- C4.4d The persons reporting will notify the Chief Executive (National Park Officer) of the suspected fraud, corruption or any other impropriety and shall be directed as appropriate as to the steps to be taken.
- C4.4e It is the Chief Executive's (National Park Officer) responsibility to inform the police if a criminal offence is suspected of having been committed. Also, any significant cases of fraud or irregularity shall be reported to the funding body.
- C4.4f The Chief Executive (National Park Officer) in consultation with the Chair shall commission such investigation as may be necessary of the suspected fraud, corruption or any other impropriety, by the internal audit service or others, as appropriate.
- C4.4g The internal audit service, or others commissioned to carry out an investigation, shall prepare a report for the Chief Executive (National Park Officer) and the Chairman on the suspected fraud, corruption or any other impropriety. Such report shall include advice on preventative measures.

C5 Treasury Management

C5.1 Introduction

- C5.1a The Authority defines its treasury management activities as *'the management of the organisation's cash-flows, its banking, money market and capital market transactions ; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'*
- C5.1b The Authority will create and maintain as the cornerstones of its treasury management activities:
- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
 - Suitable treasury management practices setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement will follow the recommendations contained in the Code of Practice for Treasury Management in Public Services (the Code) produced by CIPFA, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in a material deviation from the Code's key principles.

- C5.1c The Authority will receive reports on its treasury management policies, practices and activities including an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its treasury management practices.

- C5.1d The Authority delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Chief Finance Officer (Section 151 Officer). Responsibility for the execution and administration of treasury management decisions is delegated to the Finance Manager who will act in accordance with the Authority's policy statement and treasury management practices and, if he /she is a CIPFA member, CIPFA's Standard of Professional Practice for Treasury Management.
- C5.1e The Authority nominates the Chief Executive (National Park Officer) to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- C5.1f The Chief Executive (National Park Officer) may borrow or lend monies only within the range of powers approved by DEFRA and in line with the CIPFA Treasury Management and Prudential Codes. Such funds must be in the name of the Northumberland National Park Authority.
- C5.1g All borrowings and lendings for a period of over one year shall first be approved by the Authority.
- C5.1h If any capital borrowing or lending arrangements are entered into, the CIPFA Prudential Code for Capital Borrowing requires that indicators are set and are approved by the Authority. It would then be the Finance Manager's responsibility to annually report on performance against the indicators.

C5.2 Appointment of Bankers and Other Professional Advisers

The Authority is responsible for the appointment of the Authority's bankers and other professional financial advisers (such as investment managers). The appointment shall be for a specified period after which consideration shall be given by the Authority to competitive tendering of the service.

C5.3 Banking Arrangements

- C5.3a The Finance Manager is responsible, on behalf of the Authority, for liaising with the Authority's bankers in relation to the Authority's bank accounts and the issue of cheques. All cheques shall be ordered on the authority of the Finance Manager, who shall make proper arrangements for their safe custody.
- C5.3b Only the Director of Finance and Resources or the Finance Manager may open or close a bank account for dealing with the Authority's funds. All bank accounts shall be in the name of the Authority or one of its subsidiary companies, partnerships or joint ventures.

- C5.3c Cheques on the Authority's accounts shall not bear any pre-printed signatures and need to be signed by two Officers from an Authority-approved list. All automated transfers on behalf of the Authority, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Chief Executive (National Park Officer). Details of authorised persons and limits shall be provided for in the Authority's detailed financial procedures.
- C5.3d The Finance Manager is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated and reported as appropriate.

C6 Salaries, Wages and Pensions

- C6.1a The payment of all salaries, wages, pensions, compensation and other emoluments due from the Authority to all employees, agency staff or former employees of the Authority shall be made by the Chief Executive (National Park Officer) under approved arrangements.
- C6.1b The HR Officer shall be responsible for the submission of the appropriate information, within an agreed timetable, to enable the payment of salaries and wages at the required time.
- C6.1c Pay documents shall be in a form approved by the Chief Finance Officer (S151 Officer) and shall be certified by the Finance Manager.
- C6.1d Appointments of all employees and agency staff must be made in accordance with the regulations of the Authority concerning establishments, leave entitlement, grades and rates of pay.
- C6.1e It is the responsibility of the Director of Finance and Resources to inform employees, agency staff or former employees of errors and to recover any sums overpaid. Write-off of overpayments can only be carried out when the Chief Executive (National Park Officer) is satisfied that all steps have been taken to recover monies in consultation with the Director of Finance and Resources and that the cost of recovery would exceed the sum involved or that the recovery would cause serious hardship to the employee concerned. Any proposed write-offs in excess of £1,000 must have the Authority's prior approval.

C7 Travelling, Subsistence and Financial Loss Allowances

All claims for payments of subsistence allowances, travelling and incidental expenses must be submitted with all relevant receipts in accordance with the terms and conditions of the Authority scheme. The claims must be duly certified and in a form approved by the Authority and made up to a specified day of each month. Claims will be checked by the Finance Manager or Senior Finance Officer on a sample basis (approx. 1 in 10). Officer and member claims submitted more than three months after the expenses were incurred will be paid only with the express approval of the Director of Finance and Resources.

C8 Income

- C8.1a Arrangements for the invoicing and collection of income shall be approved by the Chief Finance Officer (S151 Officer).
- C8.1b All money received on behalf of the Authority at the main administrative office shall be promptly acknowledged by the responsible accounting Officer in the income received book.
- C8.1c Cash collected from the Hadrian's Wall Car Parks, Walltown Visitor Centre and The Sill will be transported to The Sill where it will be counted, reconciled to the Till or car park systems and recorded. Any errors will be noted and investigated if necessary. Overall reconciliations will be undertaken by the Finance Manager. There will be a regular collections by a cash collection company. The Finance Manager will be responsible for the contract.
- C8.1d All sums due to the Authority and received by its Officers shall be banked according to the instructions of the Chief Finance Officer (S151 Officer). Money received on behalf of the Authority shall not be used to cash cheques or for expenditure. Officers receiving money on behalf of the Authority shall keep accurate chronological records of such receipts and of their deposit with the Authority's bankers. Bank deposits shall be made promptly and regularly and, in all cases where the amount in hand exceeds agreed limits, immediately as set out in the notes on financial procedures.
- C8.1e The relevant Head of Department shall be responsible for the collection of income and ensure that sums due are received with the least possible delay. Sums of money over £1,000 due to the Authority shall not be reduced or written off, save as approved by the Authority. Sums of £1,000 or under may be written off by the Chief Executive (National Park Officer).
- C8.1f All fees and charges and other periodic income due to Northumberland National Park Authority shall be reviewed at no longer than annual intervals by budget holders and, where appropriate, changes approved by the Authority.

C9 Rental Income from Land and Buildings

- C9.1a Finance shall hold a master list of tenants including: dates and length of lease or license; annual rental due and the invoicing schedule, enabling the Finance Manager to ensure invoices are issued and amounts due are received in a timely manner.
- C9.1b The Estates and Facilities Officer shall ensure the Finance Manager receives the relevant sections of the lease or license agreement for all tenants to ensure the invoices raised are accurate.
- C9.1c The Estates and Facilities Officer shall be responsible for the completion and submission of an invoice request form to Finance for any monies due for additional

services to Enterprise Hub tenants during the contract to enable the sum to be invoiced.

C9.1d The Estates and Facilities Officer shall ensure the Finance Manager receives timely information when the ending of a lease is agreed between the Authority and the tenant.

C9.1e The Finance Manager shall be responsible for dealing with rates rebates at least yearly for the tenants of the Enterprise Hub.

C10 External Philanthropic Funding (Gifts, Grants, Donations or Legacies)

C10.1 External Funding

C10.1a An explanation of the difference in external funding in sections C10 and C11 is given in the following three paragraphs below.

C10.1b Note that the terms gift, grant and donations are frequently used interchangeably and synonymously to describe philanthropic funding. These terms may more simply be defined as financial contributions that are non-repayable providing the condition attached to the financial contribution are met. The distinction between philanthropic funding (section C10) and project grants (section C11) is difficult to define in absolute terms but the principle distinctions are detailed below.

C10.1c Philanthropic funds in this section C10 would be considered as funds provided by charitable trusts, corporate and business organisations that give out funds to deserving project, high net worth individual and members of the public. Philanthropic funds are the responsibility of the Head of Communications and Development who will manage and co-ordinate all fundraising activities on behalf of the Authority.

C10.1d Project grants in C11 are grants provided by organisations (NLHF, Natural England, Local Enterprise Partnership, Arts Council etc) whose role is to regularly fund projects which meet National Park purpose, usually the organisations has some element of public sector support.

C10.2 Restricted Funds

Regardless of its source, a philanthropic gift, donation, grant or legacy must be considered as a restricted fund if it has been solicited or paid for a specific purpose. In practice, most large philanthropic gifts, donations or grants are likely to be restricted funds.

C10.3 Unrestricted Funds

Regardless of its source, a gift, donation, grant or legacy is considered unrestricted if it has been made either as the result of a general fundraising appeal for the furtherance of the Authority's work, or as an unsolicited contribution to the

Authority's work. In practice, unrestricted funds are most likely to be achieved through public fundraising appeals, through events, or sometimes as a result of a legacy.

C10.4 Funder Conditions

C10.4a Some gifts, donations, grants or legacies will have conditions associated with their acceptance. Such conditions may include financial reporting, progress updates, or claims processes. The conditions associated with any gift, donation, grant or donation will vary according to the funder's own requirements and will be stipulated at the time of offer. Failure to observe the terms of a funder's conditions may lead to withdrawal of funding unless permission for variance from the conditions has been sought from the funder and agreed with them in advance.

C10.4b Where funds are restricted they can only be recognised as income in the Authority's accounts to the extent that the conditions have been met in full or in part. Any balance not recognised as income will be treated as income in advance until such time as the funding conditions are met.

C10.4c For unrestricted funds the Authority must recognise the funds as income at the time they are paid however the Authority may decide to use the funds for a specific purpose and create an earmarked reserved until such time as costs are incurred.

C10.5 Acceptance of Gifts, Donations and Grants

C10.5a A gift, donation, grant or legacy of any kind should not be accepted by the Authority if the terms or conditions under which it is made are not acceptable to the Authority. The Authority should not accept large anonymous donations: the original source of any large donation must be known at least to the Chief Executive or Chair prior to acceptance. The Authority should not accept gifts, donations or grants for work that is considered to fall outside the Authority's purview, however tempting it may be. The Authority must remain mindful of its roles and responsibilities and is entitled to decline any gift, donation or grant that could be perceived to undermine its status or to influence its decision-making.

C10.5b The manner of the financial recognition of donations will be dependent on the way in which the donation arises. A donation must be ring-fenced and spent in a certain way if that is the way it has been communicated to the donor e.g.: a donation box informs donors funds raised will be spent on a certain project or service, the same applies if the donor communicates in writing their wishes for the money to be used for a specific purpose. If there is no communication or the donation opportunity has not been promoted specifying what the money raised will be spent on then a donation can be recognised as general income.

C10.5c If necessary the Finance Manager will take a view as to whether a receipt is a gift, donation, grant or legacy rather than a payment in respect of a service to ensure proper VAT accounting.

C10.5d The accounting treatment of philanthropic funds will be determined by the accounting standards and codes of practice which the Authority has to comply with.

C11 External Project Grant Funding

C11.1 Introduction

The importance of this area is in the Authority's distinctive leadership role for the community, bringing together contributions from various stakeholders, maximising funding opportunities and achieving best value. This may involve the establishment of partnership arrangements, joint ventures, pooled budgets and externally funded projects. It is therefore essential that the responsibilities, obligations and commitment attached to such arrangements are properly managed and accounted for. All arrangements require prior formal approval by the Chief Executive (National Park Officer).

C11.2 External Funding

All acceptance of project grant funding is to be signed-off by the Head of Department responsible for the grant application and the Finance Manager or Director of Finance and Resources so that there is a full understanding of the terms and conditions being agreed to, and any budget implications fully considered.

C11.3 Grant and Contract Conditions

Many project grant-awarding bodies and contracting organisations stipulate conditions under which their funding is given. In addition, there are often procedures to be followed regarding the submission of interim or final reports/claims or the provision of other relevant information. Failure to respond to these conditions often means that the Authority could suffer a financial penalty. It is the responsibility of the relevant Head of Department to ensure that conditions of funding are met. Any loss to the Authority resulting from a failure to meet conditions of funding is the responsibility of the relevant Head of Department.

C11.4 Grant Recognition

Grant recognition in the Authority's accounts will follow the principles for restricted and unrestricted funds detailed in 10.2 and 10.3 above but will ultimately be determined by the accounting standards and codes of practice which the Authority has to comply with.

C12 Partnership Arrangements, Joint Ventures and Pooled Budgets

C12.a The Director of Finance and Resources must be consulted on the financial and probity implications of all partnership agreements, joint ventures, pooled budgets and similar arrangements before any such agreements are finalised. Such arrangements must be approved by the Chief Executive (National Park Officer) and be in accordance with the detailed standards below. Heads of Department are

required to agree and formally accept the roles and responsibilities of each of the partners involved before the project commences and to communicate regularly with partners for the duration of the project.

- C12.b Heads of Department are responsible for assessing the risks and benefits associated with partnership, joint venture, and pooled budget arrangements and for ensuring any such arrangement is in the best interests of the Authority.
- C12.c Heads of Department and Officers are responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships, joint ventures and appropriate pooled budgets that apply throughout the Authority.
- C12.d Partnership, joint ventures and pooled budgets arrangements may be used as a means of acquiring goods, works or services and may be of a complex nature. It is therefore necessary that the Chief Finance Officer (S151 Officer) is consulted on the financial implications of such arrangements and must approve that:
- costs and income are provided for in the Authority’s budget;
 - arrangements are in place for accurate accounting for costs and income;
 - sufficient controls are in place for the successful operation of the partnership, joint venture or pooled budgets including arrangements for sufficient access to financial and other records;
 - carry forward arrangements have been determined;
 - a formal risk assessment has taken place and a management strategy devised;
 - an auditing regime has been established.

C13 Work for Third Parties and Other Paid Work

C13.1 Work for Third Parties

In consultation with the Finance Manager, proposals should be costed on a full cost recovery basis (direct cost plus an allocation of overheads) before an agreement is reached to do work for a third party. Formal contracts or a memorandum of understanding should be drawn up prior to any work commencing with the formal approval of the relevant Head of Department. The agreement of the Leadership Team is required to charge a day rate below or above the policy of full cost recovery.

C13.2 Private Consultancies and Other Paid Work

Unless otherwise stated in a member of staff’s contract and/or the staff code of conduct, private consultancies or other paid work may not be accepted without the consent of their Head of Department, particularly where there is a potential conflict of interest. This must be in writing/ email and include the following information:

- the name of the member(s) of staff concerned;

- the title of the project and a brief description of the work involved;
- the dates/ times/ duration of such work;
- details of clients/ employers for whom work is being undertaken.

C14 Fixed Assets, Stock, Disposals, Personal Use

C14.1 Fixed Assets

The Chief Executive (National Park Officer) shall exercise custody and control of all plant, vehicles, furniture, equipment, stores and other property for which the Authority is responsible and shall ensure that all necessary inventories and other appropriate records are maintained in a form agreed with the Chief Finance Officer (S151 Officer).

C14.2 Stock

C14.2a The stocktaking and examination of inventories shall be completed every year by, or under the supervision of, an Officer (who shall not be the Officer in charge of the property and records concerned) nominated for the purpose by the Chief Executive (National Park Officer).

C14.2b Any write off of out of date or damaged stock with a combined value of £500 or more shall be approved by the relevant Head of Department.

C14.2c Any write-off of obsolete or slow moving stock under £10,000 shall be approved by the relevant Head of Department. Any write off above £10,000 shall be approved by the Authority.

C14.3 Disposals

Subject to the requirements of the Authority, and the Scheme of Delegation to Committees and Officers, disposal of surplus, obsolete or unserviceable items shall be in accordance with the principles of best value.

C14.4 Personal Use

Assets owned or leased by the Authority shall not be subject to personal use without proper authorisation.

C15 Insurances

C15.a Subject to the directions of the Authority, the Chief Executive (National Park Officer) shall put into effect all necessary insurances and maintain a register thereof.

C15.b The Director of Finance and Resources shall agree the level of cover required for all risks for which insurance is deemed necessary. The Director of Finance and Resources shall be kept informed of any material changes in service levels or

activities or methods of operation which may affect the validity or extent of existing insurance cover.

C15.c The Director of Finance and Resources shall maintain, on an annual basis, up to date schedules of vehicles and property. Schedules of vehicles should include user details and schedules of property should include type, use, occupation and sum insured value. Property values shall be updated at appropriate intervals.

C15.d The Director of Finance and Resources shall submit a report to the Authority outlining the terms under which insurance cover has been arranged on renewal of the tender.

C16 Intellectual Property Rights and Patents

C16.1 General

Certain activities undertaken within the Authority including research and consultancy may give rise to ideas, designs and inventions which may be patentable. These are collectively known as intellectual property.

C16.2 Patents

The Chief Executive (National Park Officer) is responsible for establishing procedures to deal with any patents accruing to the Authority from inventions and discoveries made by staff in the course of their research/ work.

C16.3 Intellectual Property Rights

In the event of the Authority deciding to become involved in the commercial exploitation of inventions and research, the matter should then proceed in accordance with the intellectual property procedures issued by the Chief Executive (National Park Officer) and contained in the Authority's detailed financial procedures.