

The logo for Tactran, featuring the word "tactran" in a lowercase, blue, sans-serif font. The letters are slightly shadowed and appear to be floating above a light blue, semi-transparent rectangular background.

Tayside and Central Scotland  
Transport Partnership

## **Financial Regulations**

**April 2007**



## Tayside and Central Scotland Transport Partnership

### **Financial Regulations**

#### **Preface**

The Tayside and Central Scotland Transport Partnership (“TACTRAN”) has appointed a Proper Officer and Treasurer, to be responsible to the Partnership for the proper administration of the Partnership’s financial affairs. It is the duty of the Treasurer to determine the system of accounting control and the form of accounts and supporting records for TACTRAN, and to ensure that these accounts and records are kept up-to-date.

The following regulations provide a framework for the Treasurer’s responsibilities. In particular they aim:

- to ensure compliance with the legal obligations placed upon TACTRAN in respect of financial administration;
- to ensure that TACTRAN’s accounting records are accurate and complete;
- to support TACTRAN’s efforts to maintain the highest standards of corporate governance;
- to protect TACTRAN against the risk of fraud and financial irregularity;
- to safeguard TACTRAN’s assets;
- to enable the provision of appropriate management information to TACTRAN’s Partnership Director and Board;
- to support TACTRAN and its officers with budgeting and financial planning; and
- to promote best value in TACTRAN’s operations.



## Tayside and Central Scotland Transport Partnership

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## **1. INTRODUCTION**

- 1.1. The purpose of these Regulations is to provide a sound basis for the control of the financial affairs of TACTRAN.
- 1.2. All employees must comply with these Regulations.
- 1.3. It is the responsibility of the Treasurer to ensure that:
  - Members, employees, contractors and agents of TACTRAN are aware of the Regulations;
  - The Regulations are observed and complied with throughout TACTRAN and in all of its activities; and
  - The Regulations are reviewed from time to time to ensure that they are effective.
- 1.4. The Partnership Director and Treasurer may issue guidance on any matter contained within these Regulations. Such guidance shall have the same force and authority as these Regulations.
- 1.5. Any material breach of these Regulations must be reported to the Treasurer, who will determine the appropriate course of action.
- 1.6. The Treasurer is the financial adviser to TACTRAN and has the right to report to TACTRAN on any relevant financial matter.
- 1.7. The Partnership Director and any other TACTRAN officer with an approved budget or with other appropriate approval, is authorised to incur expenditure subject to the terms of TACTRAN's Scheme of Delegation and any other conditions imposed by TACTRAN.

## **2. FINANCIAL PLANNING**

- 2.1. Prior to the start of each financial year, the Treasurer and Partnership Director will prepare capital and revenue budgets for submission to TACTRAN with recommendations for their consideration and approval.

### **3. BUDGETARY CONTROL**

- 3.1 The Partnership Director must make adequate arrangements to monitor TACTRAN's income and expenditure.
- 3.2 The Treasurer will provide the Partnership Director with adequate access to TACTRAN's financial information systems to allow him to monitor financial transactions against budget.
- 3.3 The Partnership Director must consult with the Treasurer where any matter arises that may affect the finances of TACTRAN, including any forecast failure to reach a financial performance target, or any material budgetary variance. This consultation must take place prior to entering into any financial commitment or making any report to TACTRAN in connection with the matter under consultation.
- 3.4 The Treasurer will report regularly to TACTRAN on the current financial position, reporting any material budgetary variances, giving an opinion on the adequacy of the corrective action being taken and making other recommendations as appropriate.
- 3.5 The Treasurer will issue guidance to the Partnership Director on the proper arrangements for planning, authorising and controlling capital transactions.

#### **4. BUDGETARY ADJUSTMENTS**

- 4.1. After approval of the annual budget by TACTRAN, budgetary adjustments may be made only in response to a planned and authorised change in any TACTRAN activity. Guidance on changes which are considered to be material may be issued by the Treasurer.
- 4.2. Where a proposed budgetary adjustment has no overall effect on the planned net expenditure of TACTRAN (i.e. there is a transfer from one heading to another), the regulations on virement apply (see Section 5).
- 4.3. Budgetary adjustments must not be made where they have the purpose of concealing or otherwise removing unplanned budgetary variances, whether adverse or favourable.
- 4.4. Where a proposed budgetary adjustment involves an increase in the budgeted net expenditure of TACTRAN, the Treasurer must be consulted prior to entering into any commitment or issuing any report. No such adjustment will be made unless approved by TACTRAN.
- 4.5. In the case of a proposed budgetary adjustment that involves a decrease in the budgeted net expenditure of TACTRAN, the Treasurer must be consulted and may make a recommendation to TACTRAN regarding the use of any released funds.

## **5. VIREMENT**

- 5.1. The Partnership Director may, subject to the conditions in Clause 5.2., authorise virements between budget heads under their control up to a maximum of £10,000. This Regulation applies in respect of any single virement or cumulatively to successive virements in respect of any one budget heading. Any proposed virement above £10,000 shall be notified to the Treasurer and submitted to the TACTRAN Board for approval.
- 5.2. The conditions referred to in this Regulation are as follows:-
- No variation of TACTRAN policy may be introduced by means of virement;
  - No virement shall result in a commitment of expenditure beyond the current financial year;
  - No virement shall adversely affect the financial position of other TACTRAN services or activities without the prior approval of the TACTRAN Board.

## **6. ACCOUNTING**

- 6.1. The Partnership Director must ensure that all financial transactions are accounted for promptly, completely and accurately, using properly controlled financial systems and procedures.
- 6.2. In determining appropriate arrangements, the Partnership Director must adhere to such principles of internal control as may be determined by the Treasurer.
- 6.3. The Treasurer and Partnership Director will together determine the extent of the authorised access that each TACTRAN employee has to TACTRAN's financial systems, and will issue additional guidance describing the authorisation process.
- 6.4. All accounting records and related documentation will be retained for the appropriate periods as specified by the Treasurer.
- 6.5. The Treasurer is responsible for the production of annual financial statements, in accordance with the relevant regulatory requirements. The Partnership Director must provide the Treasurer with all information necessary to enable this to be achieved.
- 6.6. The Partnership Director must make adequate arrangements to ensure that Value Added Tax (VAT) is accounted for promptly and correctly. The Treasurer will provide additional guidance as necessary on the correct treatment of VAT, and for the preparation and submission of whatever reports and submissions may be required.

## **7. INTERNAL AUDIT**

- 7.1. The Treasurer is responsible for ensuring the effective internal audit of TACTRAN's financial systems and other operations.
- 7.2. The internal audit function must carry out a continuous review of TACTRAN's internal controls, including: the security of assets; the economic, efficient and effective use of resources; the quality of accounting records and management information; and compliance with legislation, policies and procedures
- 7.3. TACTRAN will issue separate terms of reference for the conduct of the Internal Audit function.

## **8. FRAUD AND CORRUPTION**

- 8.1. The Treasurer will produce and maintain anti-fraud and anti-corruption policies for approval by the Partnership Board, and will ensure that they are communicated effectively to Members, employees, suppliers, contractors and the public. These policies will set out: the responsibilities of Members and employees in relation to fraud and corruption; guidance to Members, employees and the public on actions to be taken in respect of suspected fraud or corruption; the role of Internal Audit in the prevention and detection of fraud and corruption; and TACTRAN's prosecution policy.

## **9. BANK ACCOUNTS**

- 9.1. The Treasurer is authorised to open and operate bank accounts as necessary in the name of TACTRAN, and will maintain an up-to-date register of all accounts operated by TACTRAN. Bank accounts may be opened only with the approval of the Treasurer.
- 9.2. All bank accounts must be reconciled regularly, in accordance with standards determined by the Treasurer.
- 9.3. All cheques or other instruments of payment will be ordered by the Treasurer, who will determine the procedures for their custody and use.
- 9.4. The operation of credit card facilities or similar payment methods by TACTRAN requires the prior approval of the Treasurer, who will issue additional guidance on the procedures to be followed.
- 9.5. The Treasurer will maintain a register of authorised signatories for each bank account. Withdrawals may only be made by the Treasurer or by such other employees as he/she and the Partnership Director may approve
- 9.6. All cheques will be signed by the Treasurer and/or the Partnership Director. Cheques may not be altered in any way, other than on the instructions of the Treasurer.
- 9.7. All use of the Clearing House Automated Payments System (CHAPS), the Bankers Automated Clearing System (BACS) or similar facilities will be in accordance with guidance issued by the Treasurer.
- 9.8. Only the Treasurer may authorise an overdraft, the amount of which must be restricted to within any limit agreed with TACTRAN's bank and will, in any case, be kept to the minimum necessary.

## **10. INCOME AND RECEIPT OF GRANTS**

- 10.1. The Partnership Director and Treasurer will be responsible for the prompt and accurate submission of all grant claims on behalf of TACTRAN. The Treasurer may issue guidance on the procedures for the application for, and the receipt of, grants.
- 10.2. The Treasurer will specify the accounting procedures and form of records relating to TACTRAN income, whether in cash, cheques or in other form, and whether from grants or other sources.
- 10.3. The Treasurer will specify the arrangements made for the issue of receipts. An approved receipt must be issued for each sum of money paid to TACTRAN except with the prior agreement of the Treasurer. Receipts must be numbered in sequence, and must be retained for inspection in the manner required by the Treasurer.
- 10.4. All income must be paid intact into the appropriate TACTRAN bank account.
- 10.5. Under no circumstances will TACTRAN income be used to cash personal cheques, or for any purpose other than the proper course of TACTRAN business.
- 10.6. The Partnership Director will be responsible for the prompt and accurate raising of invoices, including the correct treatment of VAT. The Treasurer will issue detailed guidance on the raising of invoices.
- 10.7. The Treasurer will be responsible for the prompt and accurate issue of invoices and reminders, on the basis of information produced by Partnership Director.
- 10.8. Any postal remittances will be received in accordance with arrangements approved by the Treasurer, which may include guidance on arrangements for opening mail, accounting for and banking income.

## **11. PETTY CASH**

- 11.1. Petty cash may be used for making small payments. The Treasurer may specify upper limits to the size of the petty cash float and individual petty cash payments, or to the type of payments that can be made in this way.
- 11.2. The petty cash account will be the responsibility of the Partnership Director, who will regularly review the use made of petty cash and will inform the Treasurer of any amendments that may be required.
- 11.3. Petty cash transactions will be recorded in a form approved by the Treasurer, and authorised in writing. All petty cash expenditure will be supported by receipted vouchers.
- 11.4. Petty cash will be kept in a credit balance at all times.
- 11.5. No TACTRAN income will be paid into a petty cash account or used for petty cash expenditure, without the approval of the Treasurer.
- 11.6. Petty cash accounts will not be used for cashing personal cheques. No money will be removed from, or paid into a cash float, other than in the proper course of TACTRAN business.
- 11.7. The Treasurer may issue additional guidance on procedures relating to the operation of petty cash accounts.

## **12. EXPENDITURE ON SUPPLIES, SERVICES AND WORKS**

- 12.1. The powers of the Partnership Director and other officers to place orders for supplies, services and works are set out in TACTRAN's Scheme of Delegation.
- 12.2. All orders must properly relate to TACTRAN's activities and resources must be available from within the approved budget.
- 12.3. Supplies, services and works must be ordered in accordance with TACTRAN's policy on procurement set out in Section 22 of these regulations.
- 12.4. Orders must be in a form approved by the Treasurer. An approved order form must be used in all cases, except:
  - where regular payments are made (as in the case of rates or utilities), in the case of the second and subsequent supply;
  - where payment is made from petty cash;
  - where contracts are awarded on the basis of formal contract documents;
- 12.5. Orders must be given to the supplier in writing in advance, except:
  - Where the specific approval of the Treasurer has been obtained;
  - In emergency situations, in which case a written order will be issued by the close of the next working day, marked as "Confirmation Order".
- 12.6. The Treasurer will specify what records must be kept in respect of purchasing or credit card transactions. Purchases must in all cases be charged to an appropriate accounting code.
- 12.7. The Partnership Director may not enter into any lease agreement without the approval of the Treasurer and the Legal Adviser, who may issue additional guidance on this subject.

### **13. RECEIPT OF SUPPLIES, SERVICES AND WORKS**

- 13.1. The Partnership Director will put in place arrangements to ensure that supplies, services and works ordered are received and are as ordered in terms of specification, quality, quantity and the time and place of delivery. The receipt of goods, services and works will be recorded, in a manner acceptable to the Treasurer. The duty of receiving supplies should be separate from the duty of placing orders; exceptions to this arrangement will require the approval of the Treasurer.

## **14. PAYMENTS**

- 14.1. The Partnership Director will put in place arrangements to ensure that invoices are correct and are authorised for payment. Payments should only be authorised where:
- the payment relates to a properly authorised purchase by TACTRAN;
  - the relevant goods, services or works have been received by TACTRAN (subject to Clause 14.3 below);
  - the invoice is arithmetically correct, including any calculations relating to discounts, VAT, etc;
  - the payment value is in accordance with the authorised order or contract.
- 14.2. Invoices authorised for payment shall be passed to the Treasurer who will process approved payments, subject to any further enquiries considered necessary.
- 14.3. Payments may be made in advance only at the discretion of the Treasurer. The Treasurer may issue additional guidance on types of payment that may be made in this way.

## **15. PAYROLL**

- 15.1. The Treasurer will be responsible for the prompt and accurate processing of salaries, wages, expenses and related payments to employees and former employees of TACTRAN, Members and outside organisations. The Treasurer will also be responsible for the processing of statutory and any other deductions from pay, additional payments or allowances.
- 15.2. The Partnership Director will provide the Treasurer with sufficient information regarding employees and members to enable the correct payments, deductions, additional payments and allowances to be applied.
- 15.3. The Treasurer will issue additional guidance on the submission of payroll input for additional payments/deductions and other allowances, specifying the form of each document and the timescale to be adhered to.

## **16. TREASURY MANAGEMENT**

- 16.1. The Treasurer will be responsible for all decisions relating to the management of TACTRAN's funds and for the execution and administration of treasury management decisions.
- 16.2. The Treasurer shall be responsible for recommending to the TACTRAN Board a suitable Treasury Management Policy Statement and treasury management practices which shall embody the key recommendations of CIPFA's *Treasury Management in the Public Services: Code of Practice*.
- 16.3. The Treasurer shall regularly report to the TACTRAN Board on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of each financial year and an annual report after its close.
- 16.4. The Treasurer will maintain records of all borrowings and investments, and will have custody of all documentation relating to stocks, bonds and mortgages. All investments of money will be in the name of TACTRAN.
- 16.5. The Treasurer will set and monitor appropriate Prudential Indicators in respect of capital expenditure and treasury management, with particular regard to affordability, prudence and sustainability, and will report to TACTRAN all relevant matters which are required to be taken into account. In determining such matters, due regard will be given to asset management, stewardship and strategies following a full option appraisal of all alternative service methods.

## **17.INSURANCE AND RISK MANAGEMENT**

- 17.1. The Treasurer will assess the risks faced by TACTRAN and will maintain a risk register which shall be compiled in consultation with the Partnership Director and shall record an assessment of the importance and likelihood of each eventuality and the most appropriate course of action in each case.
- 17.2. The Partnership Director and other TACTRAN professional officers will promptly inform the Treasurer of any new risks within their area of responsibility that may come to light.
- 17.3. The Treasurer will be responsible for arranging appropriate insurance cover for TACTRAN. The Treasurer will report to TACTRAN as required, setting out the insurance arrangements in place.
- 17.4. The Treasurer may issue detailed guidance giving advice on measures to reduce or eliminate any risks that may be identified.
- 17.5. The Treasurer will negotiate all insurance claims. No admission of liability will be made by any TACTRAN employee in connection with any claim. In each case, the Partnership Director will provide the Treasurer with a full report on the circumstances surrounding the claim in accordance with whatever arrangements the Treasurer may prescribe.

## **18. SECURITY**

- 18.1. The Partnership Director will be responsible for the safe custody of buildings, stores, equipment, cash, financial stationery, records and any other asset under his control.
- 18.2. The Treasurer will be responsible for the security of cheque stationery, stock certificates, bonds and other related financial documents in his custody.

## **19. PHYSICAL ASSETS**

- 19.1. The Treasurer will maintain a register of all land, buildings and infrastructure owned by TACTRAN.
- 19.2. The Legal Adviser will be responsible for the custody of all Title Deeds.

## **20. STOCKS AND INVENTORIES**

- 20.1. The Treasurer may issue guidance as to the nature of items to be included in inventories and stock records and the data to be recorded.
- 20.2. The Partnership Director will be responsible for stocks of materials and supplies which will be maintained at an efficient level.
- 20.3. No stock can be written-off without the prior approval of TACTRAN. The Partnership Director may dispose of surplus or unused assets or items of stock in accordance with guidance to be issued by the Treasurer.
- 20.4. TACTRAN property may not be removed from TACTRAN premises or used other than for the proper purposes of TACTRAN business.

## **21. FEES, GIFTS AND HOSPITALITY**

- 21.1. These regulations should be read in conjunction with the Code of Conduct for TACTRAN Employees and the Code of Conduct for Members.
- 21.2. The Partnership Director will put in place proper arrangements to ensure that no decision taken is improperly influenced by any benefit received by a person representing TACTRAN from any outside individual or body. These arrangements will be subject to the approval of the Treasurer.
- 21.3. No person will be permitted to receive or retain any fee or other payment from any outside individual or body, received as a consequence of his/her position within TACTRAN, without the approval of the Partnership Director (or, in the case of the Partnership Director, the Chair).
- 21.4. No member or officer will solicit a gift or other benefit from any outside individual or body, in connection with any part of their duties to TACTRAN.
- 21.5. No member or officer will accept a gift or other benefit in any case where this might influence their judgement, or might reasonably be perceived to have an influence on their judgement. Subject to this, a gift may only be accepted where the approval of the Partnership Director (or, in the case of the Partnership Director, the Chair) has been received. All such approvals will be recorded in a manner approved by the Partnership Director.
- 21.6. Small gifts, such as pens and calendars of low value, need not be declared.
- 21.7. TACTRAN officers may accept reasonable hospitality in connection with their duties, but hospitality of an extravagant nature may not be accepted.

## **22. PROCUREMENT**

- 22.1. The regulations relating to procurement shall apply to purchases by TACTRAN of supplies, services and works but not to:
- contracts of employment;
  - contracts for the acquisition or disposal of land or any interest therein;
  - work done by a constituent Council of TACTRAN on behalf of TACTRAN
  - any procurement where TACTRAN has determined that other procedures shall apply.
- 22.2. Guidance notes supplementing these regulations may be issued from time to time by the Legal Adviser.
- 22.3. Prior to inviting tenders and entering into contracts there must exist authority from TACTRAN (either directly or under delegated powers) and an approved budget to do so. In the event of an emergency or unforeseen circumstances the Partnership Director may procure services, supplies or works but such action must be reported to the Treasurer and to the TACTRAN Board as soon as possible with an explanation of the reasons for such emergency or unforeseen circumstances.
- 22.4. In situations where services, supplies or works are to be procured, a competitive tendering process should normally be followed. In the case of small contracts, as defined in Clause 22.5 below, less rigorous procedures may be followed but only where the Partnership Director is satisfied that in the circumstances it is appropriate to depart from the normal competitive process.
- 22.5. Where the costs of the services, supplies or works do not exceed £5,000 tenders need not be invited, but the Partnership Director must be in a position to provide documentary evidence that that the contract awarded represents best value for TACTRAN.
- 22.6. Where the costs of the services, supplies or works exceed £5,000, (whether or not the value reaches the EU threshold) a tendering process must take place, other than in exceptional situations where:
- the Partnership Director, having made reasonable enquiries, is satisfied that there is no market;
  - the services, supplies or works sought are being obtained through a process which has already been subject to appropriate competition;
  - circumstances exist which justify the use of the negotiated procedure in terms of the EU Procurement Rules
  - the estimated costs are below the EU thresholds and a review has been carried out which has determined that best value can be obtained in other ways than by tendering;
  - a product is required to be compatible with an existing installation.

Appropriate records shall be kept of all circumstances where competitive tendering has not been used in terms of the dispensations set out above.

- 22.7. All invitations to tender and subsequent contracts shall contain standard contract clauses.
- 22.8. On receipt, tenders will be recorded in a register, given a number and locked in a secure place. Thereafter they shall be lodged with and remain in the custody of the Secretary until the time appointed for opening. The Secretary shall ensure that there are appropriate arrangements to ensure the integrity of the process, which may include outsourcing arrangements for procurement to a constituent Council of TACTRAN.
- 22.9. No tender shall be accepted which is late. All rejected tenders shall be returned to the prospective tenderers as soon as possible.
- 22.10. Tenders shall be opened by the Secretary or by an officer nominated by the Secretary who shall be someone other than the officer responsible for issuing the tender documentation, in the presence of another Proper Officer. Each opened tender must be signed by both persons present at the opening.
- 22.11. A list shall be drawn up containing the names of the tenderers, tender amounts, where appropriate and the date and time the tenders were opened. The list shall be signed by the two persons present at the opening.
- 22.12. Tenders shall be evaluated in accordance with criteria for evaluation which will have been set out in the documentation inviting the tenders. Evaluation may include direct contact with tenderers, for which separate guidance may be issued by the Legal Adviser.
- 22.13. Subject to any statutory provisions, where after scrutiny, the Partnership Director does not wish to accept any of the tenders he shall record his reasons for not wishing to do so.
- 22.14. The Partnership Director shall submit to the TACTRAN Board or Executive Committee a report, in an appropriate format, seeking approval to the award of any contract in respect of which a tendering process has taken place.
- 22.15. No contract shall begin until there is an exchange of clear written documentation between TACTRAN and the successful tenderer.
- 22.16. For each contract the Partnership will appoint a Contract Compliance Officer who will be responsible for the conduct and progress of the contract.
- 22.17. The principal contract documentation shall be kept in a safe and secure location for an appropriate period after the completion of the contract.