



Finance Regulations

Approval date: 01/04/2026	Approved by: Board
Applies to: Board Members, officers and employees of the Board.	Linked Documents: Scheme of Delegation Standing Orders, Procurement Policy.
Frequency of review: 2 years	Next review date: April 2028

1. Introduction

- 1.1 These Finance Regulations are adopted by the Board to provide a framework of financial governance consistent with best practice for Internal Drainage Boards, as recommended by the Association of Drainage Authorities.
- 1.2 These Regulations apply to all aspects of the Board’s work. For the purposes of these Regulations, the *Responsible Officer* is the Clerk & Engineer, who is the Board’s Chief Financial Officer and has overall responsibility for the proper administration of the Board’s financial affairs under Section 151 of the Local Government Act 1972 as applied to Internal Drainage Boards. In the Clerk’s absence, the Finance Committee may designate another senior officer to act as Responsible Officer on a temporary basis, with such delegation recorded in writing.
- 1.3 The Finance Committee shall be responsible for oversight of the Board’s financial controls and for reviewing these Regulations at least once every three years, or sooner if required by legislation or resolution of the Board. The Committee may make recommendations to the Board as it considers appropriate.
- 1.4 Each officer of the Board with delegated financial or operational responsibility shall consult the Clerk & Engineer before taking any action that may materially affect the finances of the Board, including incurring any financial liability or reporting on such matters to a Committee.
- 1.5 A breach of these Regulations may render an officer or Board Member liable to disciplinary action. For staff, this will be dealt with under the Conditions of Service Handbook; for Members, under the Board’s Code of Conduct.

2. Financial Administration

- 2.1 The Clerk, under the general direction of the Finance Committee, shall be responsible for the proper administration of the Board’s financial affairs.
- 2.2 In carrying out this role, the Clerk shall provide executive leadership in the Board’s decision-making to ensure compliance with the Land Drainage Act 1991, the Accounts and Audit Regulations 2015 (as amended), and other relevant statutory and stewardship responsibilities.



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- 2.3 The Clerk shall report to the Finance Committee on the resources proposed for use in each financial year and shall keep the Committee informed about the Board's financial position and performance.
- 2.4 The Clerk shall hold overall operational accountability for the security, custody and control of the Board's resources, including staff, plant, buildings, materials, cash and stores.

3. Financial Planning and Budgetary Control

Capital Expenditure

- 3.1 Officers of the Board, in consultation with the Clerk & Engineer, shall prepare estimates of capital expenditure within their areas of responsibility. The Clerk & Engineer shall collate these estimates and submit them to the Finance Committee for review.
- 3.2 The Finance Committee shall prioritise and recommend a capital programme for the new financial year at its October/November meetings. The Clerk shall present the overall programme, together with a schedule of anticipated resources, for the Committee's consideration. The Committee shall forward its recommended programme to the following Board meeting for approval.
- 3.3 Inclusion of an item in the approved capital programme does not constitute authority to incur expenditure. Before inviting tenders, a Business Case shall be prepared for each scheme and submitted to the Finance Committee. The Business Case shall include:
 - Scheme details and justification.
 - Alternative options considered.
 - Estimated costs.
 - Estimated revenue implications.
 - Risks.
 - Legal considerations.
 - Any other relevant details.
- 3.4 Once approval has been granted and tenders have been received, the Clerk shall award contracts in line with the Board's Procurement Policy and within the approved budget. Where tender prices materially exceed the approved estimate, or where the scope of the scheme changes, the Clerk shall prepare a further report to the Finance Committee setting out the tenders received and the revised financial implications.
- 3.5 Any proposal to vary the approved capital programme by adding, deleting, or modifying a project shall be submitted to the Finance Committee. The Committee may recommend approval of the proposal to the Board. If the Committee does not support the variation, the matter shall be referred directly to the Board.



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- 3.6 Any variation to the capital programme that reflects a change of policy must be referred to the Board for approval.
- 3.7 Each officer, in conjunction with the Clerk, shall monitor spending on approved schemes. The Clerk shall provide regular reports to the Finance Committee comparing expenditure against budget. Any over-/under-expenditure shall be reported to the Committee, which may recommend adjustments or, if necessary, refer the matter to the Board for decision.

Revenue Expenditure

- 3.8 Estimates of income and revenue expenditure shall be prepared by officers in consultation with the Clerk and aligned with the objectives set by the Board in its Corporate Strategy. These estimates shall be submitted to the Finance Committee's Estimates meeting, with the Committee's recommendations forwarded to the Board in the November/December cycle of meetings.
- 3.9 The Clerk shall determine the detailed format of the revenue estimates.
- 3.10 The Board shall approve the revenue estimates for the ensuing financial year and determine the penny rate required to fund those estimates. Based on the approved penny rate, the Board shall then set the Agricultural Drainage Rates and Special Levies to be raised.
- 3.11 Approval of items within the revenue budget shall constitute authority to incur expenditure, except where:
- The Board has placed a condition on a specific item.
 - Financial assistance to outside bodies is involved.
 - The expenditure creates a commitment in future years.

In such cases, a separate report must be submitted to the appropriate Committee, and specific approval obtained, before the expenditure is incurred.

- 3.12 Where no approved budget exists a supplementary estimate must be submitted to the Board or the appropriate Committee for approval.
- 3.13 Budget virements between headings may be approved by the Clerk up to £30,000, provided the total budget remains within approved limits. Any virement above this threshold shall require Finance Committee approval. Amounts below £30,000 shall be dealt with in accordance with the professional discretion of the Clerk.
- 3.14 The Finance Officer shall monitor income and expenditure against the approved revenue budget and provide the Clerk with such information as is required to enable reporting of financial performance to the Finance Committee and the Board.



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- 3.15 Nothing in these Regulations shall prevent an officer from incurring expenditure necessary to meet urgent needs created by a sudden emergency, in consultation with the Clerk. Any such action must be reported to the next meeting of the Board.
- 3.16 Where a Committee proposes a new policy, a variation to an existing policy, or a change to the method or timescale of implementing existing policy, which may affect the Board's finances, it shall report the matter to the Board.
- 3.17 The Clerk & Engineer, supported by the Finance Officer, shall prepare quarterly financial monitoring reports for review by the Finance Committee. The Finance Committee shall consider these reports and provide assurance to the Board on the overall financial position, including reporting on the final outturn for each financial year as soon as practicable.

4. Use of Reserves and In-Year Variations

- 4.1 The Board shall maintain earmarked and general reserves in line with its approved *Reserves Policy*.
- 4.2 The Finance Committee may approve expenditure from reserves to fund:
- Projects or items identified in the approved budget where the timing of spend falls outside the financial year.
 - Essential works or unforeseen expenditure where no other budget provision exists.
 - Investment in capital or strategic projects that support the Board's objectives.
- 4.3 Before approving any use of reserves, the Finance Committee must ensure that:
- The purpose is consistent with the Reserves Policy and relevant earmarking.
 - The remaining reserve balance will not fall below the minimum level approved by the Board.
 - All approvals are reported to the next Board meeting.
- 4.4 Any proposal that would reduce reserves below the approved minimum or involve the creation or closure of an earmarked reserve, shall require Board approval.

5. Accounting

- 5.1 All accounts, accounting procedures, and accounting records of the Board shall be agreed with the Clerk.
- 5.2 Any financial return made by the Finance Officer that may affect the financial liability of the Board must be verified by the Clerk before submission.



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6. Competitive Tendering

- 6.1 For contracts exceeding £10,000 in value, every effort shall be made to obtain at least three bona fide quotations, where appropriate. All procurement shall comply with the Board's *Procurement Policy* and the requirements of the Public Contracts Regulations 2015, including adherence to thresholds, procedures, and principles of transparency, equal treatment, and best value.
- 6.2 Contracts not exceeding £10,000 in value shall be dealt with by the Clerk, or as directed by the Finance Committee.
- 6.3 The sale of the Board's assets shall normally be conducted through competitive tender.
- Assets valued below £500 may be offered to employees and members of the Board.
 - Assets valued above £500 shall be sold through the following process:
 - offers must be received before a pre-determined date;
 - offers must be confidential (sealed where possible) and opened only after the deadline;
 - offers must be based on a realistic market value;
 - the highest offer shall be accepted; and
 - every effort shall be made to obtain at least three bona fide offers.

7. Audit

- 7.1 The Clerk & Engineer, as the Responsible Officer, shall arrange for an independent and suitably qualified person to undertake the Board's internal audit each year in accordance with the Accounts and Audit Regulations 2015. The appointment, scope, and frequency of internal audit shall be approved by the Board on the recommendation of the Finance Committee. The Clerk & Engineer shall present the resulting internal audit reports, together with any management responses, to the Finance Committee and subsequently to the Board.
- 7.2 All employees of the Board shall cooperate fully with the internal or external auditor, or their authorised representatives, in the performance of their duties under the Accounts and Audit Regulations 2015 (as amended).

8. Fraud or Other Irregularities

- 8.1 Any officer or Member of the Board who becomes aware of, or suspects, any irregularity, fraud, or other impropriety involving cash, stores, property of the Board, or the exercise of the Board's functions shall immediately notify the Clerk & Engineer. The Clerk and Engineer shall investigate and, where appropriate, report the matter to the Chair of the Finance Committee, the Board's insurer, and the relevant authorities.



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8.2 Any financial irregularity involving an employee of the Board shall be treated as gross misconduct and dealt with under Section 11 (Disciplinary Procedure) of the employees' Terms and Conditions of Contract. All suspected irregularities shall be reported to the Chair of the Finance Committee and, where appropriate, to the Board's insurer and the police.

9. Banking and Payment Authorisations

9.1 All arrangements with the Board's bankers shall be made by or under the authority of the Clerk, who shall be authorised to operate such banking accounts as may be considered necessary within the constraints imposed by the Board.

9.2 Cheques, payment forms, and other banking instruments shall be held securely at all times.

9.3 Payments from the Board's accounts shall require authorisation in line with the banking mandate approved by the Board:

- Payments up to and including £10,000 may be authorised by any one signatory.
- Payments over £10,000 must be authorised by any two signatories.

The above limits apply per transaction unless otherwise agreed by the Board.

9.4 Online banking payments shall be subject to the following controls:

- Payments up to £100,000 require authorisation by two users.
- Payments exceeding £100,000 require authorisation by three users (including Board authorisation).
- Transfers up to £500,000 between the Board's own accounts may be authorised by one user.
- The maximum payment limit is £100,000.

The Clerk shall ensure periodic review of banking limits and mandates, normally every three years or when there is a change in authorised personnel.

9.5 Debit card use shall be restricted to cardholders authorised by the Board, with limits set by the banking provider as follows:

- ATM withdrawals: up to £500 per day.
- Point of Sale (POS) purchases: up to £5,000 per day.
- Aggregate limits: up to £5,500 per day and £12,500 within any five-day period.

9.6 The Clerk shall ensure that a current list of authorised signatories and cardholders is maintained and reviewed periodically by the Finance Committee.



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9.7 The responsible officer authorising an order shall be accountable for examining, verifying, and certifying invoices and payment vouchers. Certification shall confirm that:

- Goods, services, or works have been received, carried out, examined, and approved.
- Prices, discounts, and VAT are correct.
- The expenditure has been properly incurred, coded, and is within budget.
- The account is the liability of the Board.
- The account has not been previously paid.

9.8 No officer shall certify any account or payment made payable to themselves.

9.9 At year-end, each responsible officer shall notify the Clerk of all outstanding expenditure relating to the previous financial year as soon as possible after 31 March, and no later than the date specified by the Clerk.

10. Advance Accounts, Petty Cash and Floats

10.1 The issue, amount, and return of petty cash accounts and floats shall be under the control of the Clerk, or an officer nominated by the Clerk.

10.2 Petty cash expenditure shall be limited to a maximum of £100. This limit shall be reviewed periodically by the Finance Committee to ensure it remains appropriate.

10.3 All petty cash claims must be supported by receipts and presented on the appropriate form determined by the Clerk. Vouchers must be coded and supported by authorised VAT receipts where applicable.

10.4 No income received on behalf of the Board shall be paid into petty cash; all income must be banked in accordance with these Regulations.

10.5 Certification by an authorised officer shall confirm that the expenditure was properly authorised, necessary, and incurred for Board business.

10.6 An officer responsible for a petty cash float shall, when requested, provide the Clerk with a certificate confirming the balance of the advance.

10.7 On leaving the employment of the Board or otherwise ceasing to be entitled to hold a petty cash advance, an officer shall account to the Clerk for the balance of the advance.

10.8 In circumstances approved in advance by the Clerk, lump-sum advances for expenditure may be made to Members or Officers. Recipients must account for all expenditure incurred against the advance and provide the Clerk with supporting invoices, vouchers, or VAT receipts as required. Any unspent balance shall be returned to a Board account in the manner determined by the Clerk.



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11. Income

- 11.1 The collection of all income due to the Board shall be under the control of the Clerk.
- 11.2 Officers shall ensure that accounts for the recovery of income are issued promptly, in a form approved by the Clerk.
- 11.3 The Clerk shall be notified promptly of all income due to the Board from contracts, leases, or other agreements involving receipt of income. The Clerk shall have the right to inspect any documents or other evidence in this connection.
- 11.4 The Clerk, or a nominated responsible officer, shall authorise and control the issue of receipt forms, books, tickets, and other such items used to record income.
- 11.5 All income received on behalf of the Board shall be paid in full into the Board's banking account on the first convenient banking day. No deduction may be made from such income unless specifically authorised by the Clerk. The officer banking the income shall record the transaction details together with a reference to the debt (e.g. receipt number or debtor's name).
- 11.6 Responsible officers shall ensure that the correct amount of VAT is applied to all income accounts where applicable.
- 11.7 The Clerk shall be responsible for all income recovery and enforcement procedures, and for agreeing instalment arrangements where appropriate.

12. Write-offs

- 12.1 The Clerk shall have authority to write off the following:
- Any debt within Officer Delegated Powers.
 - Damaged or stolen goods where no valid insurance claim can be made and the goods are not part of a stock account.
 - Surplus goods and materials.
 - Goods, vehicles, or materials that have no material value due to deterioration or obsolescence.
- 12.2 Responsible officers shall notify the Clerk of any items they consider should be written off, providing:
- Details of the item or debt.
 - The circumstances necessitating the write-off.
 - The reasons why the debt is irrecoverable or why no proceeds on sale would accrue to the Board.



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- 12.3 Where items to be written off form part of a stock account, the Clerk shall approve the method of disposal and the adjustment of accounting records.
- 12.4 The Clerk shall have authority to write off debts or items up to a value of £5,000. Write-offs between £5,001 and £25,000 shall require the approval of the Finance Committee. Any write-off exceeding £25,000 shall be referred to the Board for approval. In all cases, the Clerk shall report write-offs to the Finance Committee for information. All write-offs shall be recorded in a central register maintained by the Clerk.

13. Investments and Borrowing

- 13.1 Investments shall be managed in accordance with the Board's Investment Policy, with oversight by the Finance Committee. Any borrowing shall be recommended by the Finance Committee and approved by the Board. The Clerk shall report to the Finance Committee on the implementation of the Investment Policy at each meeting.
- 13.2 All investments of money under the Board's control shall be made in the name of the Board.
- 13.3 All securities belonging to the Board, and all title deeds to property owned by the Board, shall be held by the Clerk or by the Board's bankers, as required. The Clerk shall ensure that such arrangements are secure.
- 13.4 The Clerk shall act as the registrar of all investments and shall maintain full records of all borrowing undertaken by the Board.

14. Salaries, Wages and Pensions

- 14.1 All new posts shall be approved by the Board and shall be established in accordance with the local grading structure and applicable scales of pay. All new posts and pay structures shall align with the ADA Lincolnshire Branch Wages and Conditions Advisory Committee scales ('White Book'), or such other pay framework as adopted by the Board.
- 14.2 The payment of all salaries, wages, Local Government Pension Scheme contributions, compensation, and other emoluments to present or former employees shall be made by the Clerk, or under arrangements controlled by the Clerk.
- 14.3 Responsible officers shall notify the Clerk immediately, and in the form prescribed, of all matters affecting such payments, including: resignations, dismissals, suspensions, secondments, and transfers; absences from duty due to sickness, unpaid leave, or other reasons (excluding normal leave); changes in remuneration, other than pay awards and agreements of general application; and information required to maintain accurate records for superannuation, income tax, national insurance, and related purposes.



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14.4 Time records or other payroll documents shall be in a form prescribed or approved by the Clerk and certified in writing by, or on behalf of, the responsible officer. These documents must be approved by the Clerk to satisfy obligations under taxation and employment legislation.

15. Members' and Employees' Allowances

15.1 Claims for travel, subsistence, and other expenses shall be made in accordance with the relevant policy approved by the Board. Employees' claims are governed by the Employees' Allowances and Expenses Policy, and Members' claims are governed by the Members' Expenses Policy. All claims must be submitted on the prescribed form, duly certified, and authorised in line with those policies.

16. Insurances

16.1 The Clerk shall, in consultation with the relevant officers, initiate all insurance cover and negotiate all claims, consulting with other officers where necessary.

16.2 Officers shall promptly notify the Clerk of:

- Any new risks, properties, or vehicles requiring insurance.
- Any disposals or alterations affecting existing cover.

16.3 Responsible officers shall notify the Clerk immediately of any loss, liability, or damage, or of any event likely to lead to a claim under a Board policy. Where appropriate, the police shall also be notified.

16.4 All employees of the Board shall be included in suitable Commercial Crime Protection (Fidelity Guarantee) Insurance.

16.5 The Clerk shall review all insurances held by the Board annually, or at such other interval as considered necessary, in consultation with relevant responsible officers.

16.6 Responsible officers shall consult the Clerk regarding the terms of any indemnity which the Board is requested to give.

16.7 The Clerk shall inspect the insurance policies of contractors engaged on building, construction, or engineering works to ensure, as far as possible, that all necessary cover is in place.

16.8 The officer letting the contract shall ensure that copies of such insurance policies are provided to the Clerk for inspection, and that renewed or updated policies are obtained where the end date of the policy precedes the end of the contract, or the contract runs over several years.



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- 16.9 The Clerk shall obtain an annual statement from the Board's insurance broker or insurer confirming the adequacy of cover.
- 16.10 The Clerk shall report annually to the Finance Committee on the adequacy and scope of insurance cover.

17. Inventories

- 17.1 Each responsible officer, or a nominated officer, shall maintain an inventory of all furniture, fittings, equipment, plant, and machinery within their department, in a format agreed with the Clerk.
- 17.2 Each responsible officer, or their nominee, shall carry out an annual check of all items on the inventory. Surpluses or deficiencies shall be recorded and the inventory list amended accordingly. A copy of the revised departmental inventory shall be submitted to the Clerk each April.
- 17.3 Board property shall be used only for Board business or for such other purposes as the Board may authorise.
- 17.4 Board property shall not be removed from the Board's buildings except in the ordinary course of Board business, with site-specific instruction or permission from the Clerk or a nominated responsible officer, or with the authorisation of the Board or one of its Committees

18. Stocks and Stores

- 18.1 Each nominated officer shall be responsible for the care and custody of stocks held by their department or section and shall maintain adequate records in the format specified by the Clerk.
- 18.2 Stocks shall not exceed normal operational requirements, except in exceptional circumstances and with the prior approval of the Clerk.
- 18.3 Officers shall arrange for stock checks to be carried out by persons independent of storekeepers at least once in every financial year, and in all cases as at 31 March.
- 18.4 The Clerk may require any officer to provide information on stocks and stores for accounting, costing, and financial reporting purposes.
- 18.5 Surplus materials, stores, or equipment shall be disposed of in a manner approved by the Board.



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19. Security

- 19.1 Each officer shall maintain proper security at all times for all buildings, stores, plant, vehicles, furniture, equipment, cash, documents, and information under their control. Any concerns about defective security or the need for special arrangements must be reported to the Clerk.
- 19.2 All officers must comply with the Board's Data Protection Policy.
- 19.3 Keys to safes and other secure receptacles shall always be carried by the designated holder. A list of all key holders shall be maintained by the Clerk. Responsibility transfers to a new holder upon handover of keys. Any loss of keys must be reported immediately to the Clerk.

Version Control

Version	Date Approved	Summary of Changes
1.0	01/04/2026	Initial policy approved