

Financial Regulations

Date of approval and issue	June 2024
Approved by	The Mayor, under cover of MD3274
Changes from previous version	From April 2022 version: <ul style="list-style-type: none">• Updates to Sections 6-8 to reflect revised budgetary procedures• Updated Section 15 on Treasury Management strategy requirements• Updated references to new Portfolio Management Framework• Updates to job titles and other factual references
Review date	June 2026
Senior owner	Chief Finance Officer
Document owner	Assistant Director, Financial Services

Contents

Contents	2
Part A. Preamble: financial management at the GLA	3
1. Purpose and scope	3
2. Core responsibilities	4
Part B. Financial planning, monitoring and control	8
3. The Mayor's annual budget	8
4. Capital spending and borrowing limits	9
5. Reserves	10
6. Budget monitoring	10
7. Budget transfers	11
8. Budget carry forwards	11
9. Pay budgets	12
Part C. Risk management and controlling resources	14
10. Risk management and insurance cover	14
11. Internal control	14
12. Internal audit	15
13. Inventories	15
14. Land, buildings and other major assets	16
15. Treasury management	16
Part D. Systems and procedures	19
16. Income	19
17. Routine expenditure	20
18. Non-routine expenditure	20
19. Orders for works, goods and services	21
20. Procedures for payments and authorising accounts	22
21. Salaries, wages, expenses and pensions	22
22. Banking	23
23. Tax	23
24. Credit cards	23
Part E. External arrangements	24
25. Grant claims, bids for external funding and sponsorship	24
26. Funding to external organisations	24

Part A. Preamble: financial management at the GLA

1. Purpose and scope

1.1 The Greater London Authority's (GLA) governance arrangements are designed to ensure:

- there are clear expectations for the Mayor, Assembly Members and staff – and in particular, that everyone upholds the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership
- we conduct our business in line with the law and proper standards
- we safeguard and properly account for public money and spend it economically, efficiently and effectively.

1.2 The GLA's Financial Regulations relate specifically to that third element: ensuring we safeguard and properly account for public money and spend it economically, efficiently and effectively. They provide a framework for managing our financial affairs; and more specifically, for setting and monitoring budgets, for exercising financial controls and for financial administration.

1.3 These Regulations relate to and interact with the following other governance procedures and protocols in particular¹:

Document	Sets out...
Mayoral Decision-Making in the GLA	how decisions are formally taken and recorded, and at what level, including the financial thresholds for determining at what level a decision should be taken
Contracts and Funding Code	rules and processes for procuring goods, services, works and for the giving of grants
Expenses and Benefits Framework	rules for expenses and benefits to ensure value for money and probity
Use of Resources Policy	the framework and rules to ensure the GLA's resources are not used for political purposes
Anti-Fraud and Corruption Framework	how fraud and corruption is prevented, detected and reported
Risk Management Framework	the framework for assessing and managing risk

¹ The following are also related to the effective implementation of these Regulations: Head of Paid Service's Staffing Protocol; Sponsorship Policy; Records Management Policy; and the GLA's published transparency commitment and reporting arrangements, including to comply with the Local Government Transparency Code.

Code of Ethics and Standards for Staff, Code of Conduct for Members and guidance on Registration and Declaration of Interests	rules and guidance on maintaining probity, registering interests and avoiding conflicts of interest
Portfolio Management Framework	Sets out processes and procedures for approval, allocation and movement of resources within programmes in the GLA Portfolio

1.4 The Financial Regulations apply to everyone at all times and across all areas of the GLA. They apply also to the GLA's Managed Companies: Greater London Authority Holdings Limited, GLA Land and Property Limited, London Power Co. Limited, SME Wholesale Finance (London) Limited, and any other GLA Managed Companies that may be established, except where, with the agreement of the Chief Finance Officer, explicit agreements for out-sourcing of financial administration are in place in the interests of service efficiency or fulfilling specific operational or regulatory requirements.

2. Core responsibilities

The Mayor's responsibilities and delegated arrangements

2.1 The Mayor is the executive arm of the GLA and has overall responsibility for regulating and controlling its finances, including making and amending from time to time these Financial Regulations and any other regulations for supervising and controlling the GLA's finances, accounts, income, expenditure and assets. The Mayor therefore must approve any significant changes to this document – and approved this version under cover of Mayoral Decision 3274. In so doing, the Mayor approved also the delegations within this document to officers, principally the Chief Finance Officer.

2.2 In exercising delegated powers provided by these Financial Regulations, officers must still comply with all other statutory, regulatory and procedural requirements arising from outside and within the GLA².

2.3 The Chief Finance Officer has delegated authority to make updates to these Regulations, where they are necessary, so as to comply with external legal and regulatory requirements. They may also make other updates that do not substantively change its provisions. The Assistant Director, Financial Services has delegated authority to make minor drafting, corrective and presentational changes. Either of the above will also issue, update and amend any supplementary guidance and procedures.

The Chief Finance Officer

2.4 The Chief Finance Officer has statutory duties for financial administration and stewardship.³ These statutory duties arise from and relate to:

² Including those documents referenced in Section 1 and also the Code of Recommended Practice on Local Authority Publicity, Regulation of Investigatory Powers Code of Conduct, the Data Protection Act 2018 and the General Data Protection Regulation (GDPR), and the Freedom of Information Act 2000.

³ In the absence of the Chief Finance Officer, the Assistant Director Group Finance & Performance will deputise in respect of these statutory duties unless another arrangement is explicitly put in place.

- Section 127 of the GLA Act 1999
- Local Government Finance Act 1988
- Local Government and Housing Act 1989
- Local Government Act 1999
- Local Government Act 2003
- Audit Commission Act 1998
- Accounts and Audit Regulations 2015.

2.5 In line with the principles set out in the CIPFA statement on the role of the CFO in Local Government, the CFO sits on the Corporate Management Team and reports directly to the Chief Officer, ensuring that they are closely involved in aligning decisions to financial strategy. It is required that the post is filled by an experienced and qualified professional.

2.6 Their high-level responsibilities in ensuring this happens include:

- leading a properly resourced and fit for purpose finance function
- setting strong internal controls, and monitoring compliance, in all areas of financial management, risk management and asset control
- advising on the GLA's financial position and on the key financial controls necessary to secure sound financial management
- providing timely financial information
- developing a medium-term financial strategy and administering the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery
- treasury management, ensuring the effective management of cash flows, borrowings and investments of the GLA's own funds and funds it manages on behalf of others
- organising and supervising the GLA's accounting arrangements and maintaining its principal accounting records
- preparing and publishing final accounts and summary statements of accounts, in line with relevant statutory requirements and timescales
- promoting and facilitating a culture of efficiency and value for money
- organising and providing support to the Assembly to enable it to fulfil its scrutiny and budget-setting functions
- implementing appropriate measures to prevent and detect fraud and corruption.

Other more specific responsibilities are referenced throughout this document.

Implementing these Regulations

2.7 The day-to-day responsibility for implementation rests primarily with the Assistant Director, Financial Services and their team. This includes:

- communicating, advising on and administering the GLA’s financial procedures and processes including ensuring that these Regulations are supported by clear supplementary guidance and well-understood and effective processes, with appropriate reinforcement and support
- preparing quarterly financial reports to the Mayor and Assembly that identify any financial issues that have significant implications for the GLA’s budget and monthly reports to management
- ensuring, in liaison with the Head of Performance and Governance, that the Annual Governance Statement identifies and reflects on any internal control or other governance issues relating to these Regulations that have arisen during the year
- fulfilling the reporting requirements described at paragraph 2.11 and 2.12.

Executive Directors and Senior Members of Staff⁴

2.8 Executive Directors have a responsibility to provide leadership and ensure GLA services provide value for money. They must therefore ensure these Regulations are implemented within their directorate and especially by staff working to them. While direct operation of budgets will usually fall to Assistant Directors (see below), Executive Directors retain overall accountability for budgets across their directorate.

2.9 Assistant Directors / Heads of Unit will be budget holders, accountable for the budgets within their Unit and leading their day-to-day management – and in turn have a responsibility for ensuring implementation of these Regulations within their teams. Specific responsibilities are set out in relevant sections of this document, but the principal responsibilities are to:

- control income and expenditure and adhere to approval processes, including those set out in Mayoral Decision-Making in the GLA and the Portfolio Management Framework, to ensure financial probity
- establish sound systems of resource planning and management to support continuous improvement, economy, efficiency and effectiveness – and to achieve financial and operational performance targets
- produce good quality financial forecasts and support the Financial Services team in undertaking robust financial monitoring on a periodic basis, and identify and implement any corrective action to bring expenditure back in line with budget
- lead the part of the annual budget setting cycle which is to ensure that budgets for which they are accountable are realistic and deliverable
- advise the Financial Services team at an early stage of any plan seeking and receipt of income (including authority delegated to them through a Decision Form) as this affects the GLA’s gross budgets
- ensure arrangements are in place for all invoices that have been appropriately charged to the GLA to be correctly coded in the finance system
- report to the Chief Finance Officer on any issues that have a material bearing on the GLA’s financial position, risk quantum or insurance arrangements

⁴ Certain Directors have specific responsibilities, viz. the Director of Digital and Head of Facilities on stores and inventories (section 13) and the Executive Directors for Housing and Land and Good Growth over land and property (section 14).

- ensure, at a unit level, sound arrangements are in place for in respect of asset management and control of inventory
- ensure timely and full cooperation from staff in their area with the procedures in this document.

All Staff

2.10 Everyone at the GLA is responsible for adhering to and applying these Regulations, specifically by:

- using resources wisely and seeking value for money from the public purse at all times, while maintaining personal integrity and probity and complying with the Code of Ethics and Standards for Staff and associated guidance
- observing and complying with the systems and procedures in this document relating to income, expenditure and orders for goods, works and services
- reporting any concerns or opportunities for improvement to their managers or Financial Services.

Reporting

2.11 Financial reporting is primarily through quarterly reports to the Mayor and Assembly. These reports will identify any financial issues that have significant implications for the GLA's budget. The Annual Governance Statement will identify and reflect on any internal control or other governance issues relating to these Regulations that have arisen during the year.

2.12 Any serious issues pertaining to these Regulations that are identified by the Assistant Director, Financial Services or their team will be reported immediately to the Chief Finance Officer and as necessary escalated to the Chief of Staff and the Mayor. Internal Audit will also be informed, and a report made to the Assembly's Audit Panel where the issue is within its remit.

Part B. Financial planning, monitoring and control

3. The Mayor's annual budget

3.1 The budget is the financial expression of the Mayor's policies and priorities. Under the GLA Act, the Mayor is responsible for preparing the GLA Group's budget; and from start to finish the budget passes through a number of stages. In broad terms:

- Budget setting begins in the summer when the Mayor publishes (non-statutory) guidance. This gives the context for and helps the organisations that make up the GLA Group prepare their budgets for the financial year ahead.
- Subsequently, the Mayor consults the functional bodies and the Assembly in October/November before preparing the consultation budget. This consultation takes the form of a letter which provides more details on the process for finalising the budget and clarifies requirements for each budget submission, including any amendments to control totals which the Mayor has decided to make.
- Next, the Mayor prepares a consultation budget and a draft Capital Strategy, including a Capital Spending Plan, which are usually published in December.
- After consultation has closed in January, the Mayor publishes a draft consolidated budget and presents it to the London Assembly. **This must happen before 1 February**. The Assembly must approve the council tax allocations in the budget, either with an amendment⁵ (if there is a simple majority in favour) or without.
- The Mayor then prepares a final consolidated budget in February and presents this next iteration to the Assembly also⁶. The budget can be unchanged from the previous iteration, or it can be the budget as amended by the Assembly or as amended by the Mayor. If any amendments agreed by the Assembly have not been carried forward, the Mayor must state why. At this stage, the Assembly may amend the council tax allocations in the budget if a two-thirds majority of its Members vote in favour of a specific amendment.
- The Mayor then publishes the final budget for the financial year ahead (together with the Capital Strategy, including the Capital Spending Plan). The Capital Spending Plan must be sent to the Secretary of State for Levelling Up, Housing and Communities **before 28 February** each year.

3.2 The budgets of the GLA and its Functional Bodies are the component budgets that form the overall consolidated budget for the GLA Group. The GLA has two component budgets: for the Mayor and for the London Assembly (though the Mayor prepares both). These component budgets must consist of the 'council tax requirement' for the body concerned and show how this has been

⁵ The Assembly's right of amendment in respect of its component of the budget is limited insofar as they cannot vote for an increase to it that is proportionately more than that proposed in for the Mayoral element. Similarly, they cannot vote for a decrease which would be proportionately less than that proposed for the Mayoral element.

⁶ If the Mayor fails to present a final draft budget, the Assembly must meet and agree, by simple majority, the component council tax requirement of each of the constituent bodies. The consolidated budget is deemed to have been agreed accordingly.

calculated. The consolidated budget must, as the term implies, consolidate these council tax requirements into an overall requirement and, again, set out the relevant calculations.

3.3 The Chief Finance Officer is responsible for ensuring the Mayor and the Assembly have sufficient information and advice to comply with the statutory budget setting process.⁷ The Chief Finance Officer also advises on the guidance to be issued by the Mayor to the GLA and the Functional Bodies to inform their submissions to the Mayor. This guidance sets out, among other things:

- the imperatives and challenges for the budget
- the methods of calculation to ensure component and consolidated budgets are prepared on a common basis
- the information that is required to be provided
- the form in which the information must be presented
- the timetable for preparing and consulting on the budget.

3.4 Before the Assembly seeks to amend the Mayor's final consolidated budget, the advice of the Chief Finance Officer must be sought for any proposed amendment.

3.5 Once the consolidated budget has been passed, and the Mayor has approved the consolidated council tax requirement and council tax precepts through a Decision Form, the Chief Finance Officer notifies London's 33 billing authorities (the boroughs and the Corporation of London) of these precepts.

3.6 The detailed expression of the Mayoral component of the GLA budget is approved via a Mayoral Decision Form once the final GLA Group budget has been published. Similarly, the Assembly's GLA Oversight Committee approves the detailed allocations within the Assembly's agreed budget.

4. Capital spending and borrowing limits

4.1 The Mayor is also responsible for determining a Capital Strategy, including a Capital Spending Plan, for the GLA and its Functional Bodies, after first consulting the Assembly⁸ and each Functional Body. The Mayor also determines borrowing limits for the GLA and its functional bodies.

4.2 The Capital Strategy, including the Capital Spending Plan, follows a similar timetable to the main revenue budget, despite some dissimilarities in the processes, and is signed off by the Mayor (via a Decision Form) before 31 March each year. Borrowing limits and prudential indicators are signed off by year-end also.

⁷ The provisions of the Greater London Authority Act 1999, as amended by the Greater London Authority Act 2007 and the Localism Act 2011.

⁸ Although a statutory consultee, the Assembly does not have the opportunity to propose formally an amendment, as it does to the revenue budget. Note proposed amendments to the revenue budget may, however, effectively amend the Capital Strategy, including the Capital Spending Plan.

4.3 Again, the Chief Finance Officer is responsible for ensuring the Mayor and the Assembly have sufficient information and advice to comply with the statutory requirements.⁹ This includes advising on information to be included in the guidance referred to in paragraph 3.1 above. All capital receipts, and interest arising, and prudential borrowing are corporate resources administered by the Chief Finance Officer.

4.4 Amendments, additions and deletions to the GLA's capital programme are normally approved through the quarterly budget monitoring process (see below – the same rules apply to capital programme changes as to revenue budgets). The Assistant Director, Financial Services will maintain a schedule of all amendments, additions and deletions to the GLA's capital programme.

5. Reserves

5.1 The Chief Finance Officer is responsible for advising the Mayor and the Assembly on prudent levels of reserves for the GLA.

5.2 Separate and specific reserves shall be maintained for: i) general GLA funds; and ii) income that is ringfenced to a specific area or project.

6. Budget monitoring

6.1 The Assistant Director, Financial Services, on behalf of the Chief Finance Officer, is responsible for preparing financial information to enable effective budget monitoring.

6.2 At or close to the start of each financial year, each Assistant Director / Head of Unit will be asked to:

- confirm the budget totals for their unit
- advise on the expected profile of spend and income across the financial periods of the coming year
- work with Financial Services to establish, by exception, any carry forwards from the previous financial year that may, as appropriate, be considered for inclusion in the coming year's budget.
- ensure that any external funds which have been received in advance of spend are reflected appropriately in both income and expenditure budgets for the coming year

6.3 It is the budget holder's responsibility to, within their area, control income and expenditure, monitor financial performance and make accurate forecasts for future expenditure, working with finance business partners and aided by financial information provided by Financial Services.

6.4 Every quarter, Financial Services will support the provision of budgetary control reports, including material variances that require explaining. These explanations and a forecast of income and expenditure to the end of the current financial year should be prepared by budget holders, working with finance business partners and submitted within agreed timetables. Where expenditure and funding is spread across more than one financial year, e.g. through use of a ringfenced revenue reserve, the impact of any variation in the current year's forecast must also be reflected into forecasts for future years. It is important these forecasts are realistic; that is, to the greatest extent

⁹ The provisions of the GLA Act 1999, as amended by the GLA Act 2007 and the Localism Act 2011; and in respect of borrowing, as set out in the Local Government Act 2003.

possible, an accurate reflection of likely future spend. As part of the quarterly monitoring process, budget holders may request draw down of any reprofiled sums from the previous financial year that have not already been applied to budgets.

6.5 The Chief Finance Officer will prepare quarterly budget monitoring reports for the Mayor and Assembly.

7. Budget transfers

7.1 A budget transfer involves the movement of a revenue or capital budget between budget codes. The following rules apply to budgets transfers within a financial year:

- budget provision may not be transferred from capital budgets to revenue budgets (unless the original funding source for the capital budget was from revenue resources)
- budget provision may be transferred from revenue budgets to capital budgets
- budget provision may not be transferred from programme budgets to non-programme budgets
- budget provision may not be transferred from non-pay to pay budgets
- budget provision may be transferred from non-programme budgets to programme budgets.

7.2 Dispensation from these rules may be granted by the Chief Finance Officer in exceptional circumstances.

7.3 Any budget transfers need to provide the resources to meet all and any ongoing commitments, including over future years, associated with activity within both budgets (i.e. from both the budget the funding is being transferred out of and the budget it is being transferred into).

7.4 All budget transfers should be requested and approved through the quarterly performance and finance review cycle. Where this would impose an unacceptable delay on delivery or is a narrowly technical accounting change, then the Chief Finance Officer, or Assistant Director of Financial Services on their behalf, may authorise a budget transfer outside of this process. A record of all such budget transfers will be maintained by the Financial Services team.

7.5 Budget transfers below the de-minimis should be agreed in writing (i.e. an email) between the budget holders and the lead Finance Business Partner for that area.

7.6 Nothing above affects the requirements set down in Mayoral Decision-Making in the GLA to approve spend via a Decision Form. The financial comments in Decision Forms should note any related budget transfers.

7.7 Budget transfers relating to the Assembly component budget should be approved by the GLA Oversight Committee.

8. Budget carry forwards

8.1 A budget carry forward is a budget transfer across financial years for approved expenditure.

8.2 The underlying principle for all budget carry forwards is that funds cannot be carried forward for a purpose other than that originally granted by the relevant Decision Form.

8.3 Revenue budget carry forwards will only be approved in exceptional circumstances and will apply to programme budget underspends identified in the first three quarters of the year (i.e. not at quarter four; and not at any time arising from routine or staffing budgets). Any revenue budget carry forward proposals arising at quarter four will be considered as an in-year proposal during the financial year immediately following. That consideration will comprise an assessment of: i) whether or not the funding is ring-fenced; ii) whether the funding is committed; iii) alignment to Mayoral priorities; and iv) the overall financial position of the Authority.

8.4 Where funds are received from an external body and are ringfenced for a specific purpose, and where conditions attached to that funding allow, funds may be carried forward through a Receipt in Advance adjustment.

8.5 Capital budget carry forwards will be permitted at quarters one to four, provided the programme concerned forms part of the GLA's approved Capital Spending Plan.

8.6 For the Mayor's component budget, budget carry forwards are subject to the approval of the Mayor's Chief of Staff and the Chief Finance Officer and will be integrated into the quarterly performance and finance review process, and looked at alongside the annual budget setting process, as relevant. Proposed budget carry forwards should be in excess of a de minimis threshold, as advised by the Chief Finance Officer on an annual basis.

8.7 The detailed process for approving and managing carry forwards will be determined by the Chief Finance Officer, including whether related balances shall be held in reserve and only applied to budgets as and when needed. Supporting guidance will be issued from time to time.

8.8 Allocations of any carry forwards held in reserve to budgets will take place at quarterly intervals, linked to the quarterly performance and finance review cycle. They may, however, be made in between cycles where there is an urgent need. This will be approved by the Chief Finance Officer.

8.9 The presumption is that a carry forward into a specific financial year will be lost if it is not spent, or committed to be spent, by the end of that year. This will be assessed and actioned as part of the annual budget-setting process.

8.10 Directors and Assistant Directors should ensure grant agreements with third parties are wherever possible compatible with the GLA's rules in this section, providing flexibility for the GLA to assess whether or not funding pertaining to a given grant award is carried forward or not.

8.11 For the Assembly's component budget, budget carry forwards are subject to the approval of the Executive Director of Secretariat and the Chief Finance Officer and will be integrated into the annual budget-setting process.

9. Pay budgets

9.1 Pay budgets shall be set to reflect the actual anticipated approved unit staffing costs (including on-costs associated with NI and pensions, plus any regular allowances) in a given year. The cost associated with any posts which are funded either in part or wholly from specific external funding streams will be subject to an additional on-cost, which will contribute towards the overall cost of administering the organisation. This charge will be at a level set by the Chief Finance Officer and will be charged annually and prorated for part-time roles. The resulting income will be held corporately and will be used to offset the cost of corporate functions.

9.2 Budget holders are responsible for ensuring that actual spend on pay is within the set budget. If an overspend is forecast, then remedial action will be required to bring the pay budget in question into line and, except where dispensation is granted from the Chief Finance Officer, no further recruitment, either internal or external (including the use of temporary staff), will be permitted until the forecast pay overspend is addressed. As set out above, transfers between pay and non-pay budgets are not permitted.

9.3 A corporate contingency budget will meet the costs of pay under HR policies for staff members taking parental leave where this causes a unit's budget to overspend. Unit budgets will, however, meet the cost of cover recruited for posts of those on parental leave.

9.4 It is important that decisions taken by budget holders to manage staff costs are fully compliant with the GLA's recruitment and flexible working policies and support also the GLA's commitment to an inclusive workforce. Where a pay budget is being overspent for unavoidable or unforeseeable reasons that flow from adherence to GLA staffing policies and procedures, this will be a case where flexibility will be considered sympathetically by the Chief Finance Officer.

Part C. Risk management and controlling resources

10. Risk management and insurance cover

10.1 The GLA's risk management arrangements and associated responsibilities are set out in its Risk Management Framework.

10.2 An important part of effective risk management is mitigating, where appropriate, risks through insurance cover. The Chief Finance Officer will ensure there is an ongoing assessment of what insurance cover is needed – through external insurance and internal funding and taking account of the results of risk management studies. They will seek to minimise insurance risk in a way that is cost effective and will report periodically on the cover in place and the extent and nature of extant funding.

10.3 Executive Directors should immediately notify the Chief Finance Officer of any assets that have been disposed of or acquired and that require insurance cover; and of items that, in their view, may require the GLA's insurable risks to be amended.

10.4 Executive Directors will also immediately notify the Chief Finance Officer of any incident or occurrence that might:

- adversely affect the GLA's assets and is likely to give rise to an insurance claim
- otherwise be likely to lead the GLA to make a call on an insurance policy
- give rise to a claim against the GLA.

10.5 The Chief Finance Officer, in consultation with or through a delegation to other relevant officers, will negotiate all claims with the GLA's insurers.

10.6 Executive Directors must consult the Chief Finance Officer in respect of any terms of any indemnity which the GLA is requested to give.

11. Internal control

11.1 Internal control refers to the systems of control designed to manage risk to a reasonable level – rather than to eliminate all risk of failure – to achieve policies and objectives.

11.2 The Chief Officer and the Chief Finance Officer are responsible for overseeing effective systems of internal risk control. These arrangements need to ensure compliance with the law and proper standards and support continuous improvement in economy, efficiency and effectiveness. The effectiveness of the GLA's financial and internal controls, and for managing risk, will be reflected on in the Annual Governance Statement.

11.3 The Chief Finance Officer is responsible for ensuring that the GLA's funds are safeguarded and properly accounted for. It is the responsibility of Executive Directors to establish sound arrangements for planning, appraising, authorising and controlling their operations to achieve

continuous improvement in economy, efficiency and effectiveness and for achieving their financial and operational performance targets.

12. Internal audit

12.1 The Chief Finance Officer is responsible for ensuring the GLA has an effective internal audit function and for reporting to the Mayor and Assembly should the possibility arise of a failure to maintain this requirement.

12.2 The Mayor, on the recommendation of the Chief Finance Officer and having consulted with the Assembly, approves the appointment of the internal audit supplier.

12.3 The Chief Finance Officer will ensure an Annual Audit Plan is prepared. Internal Audit will report on its delivery of the Annual Audit Plan and the Chief Finance Officer will maintain oversight. Progress will be reported periodically to the Assembly and made available to the Mayor.

12.4 Internal Audit have access at any reasonable time to the GLA and its companies and to any records, cash, stock, computer systems or any other relevant sources of information necessary for the performance of their functions. Executive Directors are responsible for ensuring Internal Audit are provided with any explanations and information requested for the performance of their function.

13. Inventories

13.1 Except where set out below, each Executive Director is responsible for ensuring there are adequate arrangements relating to the security, checking and disposal of any items held in any directorate's inventories.

13.2 The GLA Director of Digital must maintain an inventory of all IT equipment, including mobile devices. The Head of Facilities Management must maintain an appropriate inventory of all miscellaneous GLA property (for example, furniture and equipment), other than land, buildings, IT equipment and directorate stores and inventories.

13.3 The Head of Facilities Management and the GLA Director of Digital must arrange for physical checks of their inventories on a regular basis. They must report significant discrepancies to the Chief Finance Officer. After investigation, the Chief Finance Officer will make a report, as necessary, to the Mayor identifying action taken to avoid recurrences.

13.4 The GLA Director of Digital is responsible for the disposal of IT equipment and the Head of Facilities Management is responsible for the disposal of miscellaneous GLA property, other than leased items, that are surplus to requirements or no longer serviceable for the purposes for which held.

13.5 The Chief Finance Officer is responsible for the termination of leases and return of leased assets pertaining to the GLA's offices and facilities.

13.6 Budget holders may dispose of revenue assets through sale, donation or scrapping. Competitive quotations must be obtained for individual disposals where the value is expected to exceed £5,000. For every disposal, officers must ensure value for money is obtained and maintain adequate records demonstrating value for money, that the assets are obsolete or surplus to requirements and highlighting the specific reasons for disposal.

14. Land, buildings and other major assets

14.1 The Executive Director of Housing and Land and the Executive Director of Good Growth are responsible, within their respective areas, for managing and optimising the GLA's interests in or over land and property (including where those assets are held by a GLA Managed Company). They are responsible for ensuring compliance with legislation¹⁰ that specifies which activities must be carried out by a GLA subsidiary company established for this purpose. The Chief Finance Officer is responsible for all other interests in or over land or property (i.e. outside of the GLA's housing, regeneration and economic development functions).

14.2 The Executive Director of Housing and Land shall prepare and maintain a comprehensive asset management strategy for their area, linked to the Mayor's Housing and Economic Development strategies.

14.3 Executive Directors must make arrangements to ensure the proper security of all buildings and other major assets under their control. They should also ensure there are contingency plans for the security of assets and continuity of service in the event of disaster or system failure.

14.4 The Chief Finance Officer shall ensure that appropriate financial advice, including tax advice, is available at the point of decision on the acquisition or disposal of land and buildings.

14.5 All asset disposals must be approved in line with the GLA's decision-making framework.

14.6 The Chief Finance Officer is responsible for maintaining a fixed asset register for land and buildings and for making arrangements for the custody of all title deeds. All land and buildings must be revalued on a regular basis in accordance with accounting requirements and changes in value of assets must be reported appropriately to the Mayor and the Assembly.

14.7 The Chief Finance Officer shall ensure that estimates of expenditure and income arising from the acquisition, disposal and maintenance of land and buildings are included in the revenue budget and capital programme. The Chief Finance Officer shall ensure these estimates are monitored closely and reported to the Mayor and the Assembly.

14.8 The GLA may hold major assets, other than land and buildings (e.g. equity interests, investments in special purpose vehicles, and such like). The equivalent provisions set out above for land and buildings apply to the GLA's interests in other major assets.

15. Treasury management

15.1 The GLA's cash balances must be properly managed in a way that prioritises the security of those balances invested and the liquidity requirements of the GLA – while securing the best returns possible within those constraints and the GLA's risk appetite.

15.2 The GLA's borrowings shall be managed in a way that prioritises long term affordability and management of related risks.

15.3 The GLA has regard to the Chartered Institute of Public Finance and Accountancy's 'Treasury Management in the Public Services: Code of Practice', including the recommended form of treasury management policy statements, stating the policies and objectives of the GLA's treasury

¹⁰ The GLA Act and GLA (Specified Activities) Order 2013.

management activities. Any recommendations of the Code not adopted by the GLA will be reported to the Mayor.

15.4 In line with proper practice, the Chief Finance Officer will submit to the Mayor for approval at least annually a Treasury Management Strategy Statement (TMSS) and an Integrated Investment Strategy (IIS), specifying investment and borrowing controls and delegations, which apply to all financial instruments to which the GLA or any of its subsidiaries are party. Unless covered by explicit delegation within those documents, no financial instrument should be committed to or executed without the approval of the Chief Finance Officer (CFO). These documents shall be promptly revised and resubmitted as necessary in response to changing circumstances.

15.5 Where the IIS authorises GLA units or teams to make financial investments (for the avoidance of doubt any instrument giving rise to an actual or potential asset) directly, the group treasury function, i.e. the Chief Investment Officer (CIO) together with London Treasury Limited (LTL), must be informed along with the unit or team's Finance Business Partner as soon as the instrument is executed. This is to ensure that the full set of investment instruments is captured for consideration by the Financial Risk Oversight Board and accountability is properly assigned.

15.6 Any instrument (for example borrowing or credit arrangements) giving rise to a financial liability for the GLA or any of its subsidiaries must be arranged by or in consultation with LTL, supported by the GLA's legal function.

15.7 The Chief Finance Officer will create and maintain suitable treasury management practices, setting out the manner in which the GLA will seek to achieve its treasury management objectives and prescribing how it will manage and control treasury management activities.

15.8 The responsibility for implementing and monitoring the GLA's TMSS, approving Treasury Management Practices and all executive decisions on investment, borrowing or financing are delegated to the Chief Finance Officer.

15.9 All money in the hands of the GLA is aggregated for the purposes of treasury management, except in specific instances where funds are managed on behalf of other entities or ring-fenced by statute, such as the Business Rates Supplement (BRS) Act 1999. The Chief Finance Officer must ensure adequate arrangements are in place to meet relevant statutory requirements and where monies are pooled for treasury management purposes, that suitable memoranda are maintained to identify interest and principal sums attributable to each entity or ring-fenced account.

15.10 All investments of the GLA's money shall be made in the name of the GLA. Where the GLA is responsible for investing jointly controlled money, such investments shall also be made in the name of the GLA. The Chief Finance Officer, however, must ensure that the GLA is not exposed to additional material risk by such arrangements.

15.11 All securities that are the property of or in the name of the GLA and the title deeds of all assets in its ownership must be held in the custody of the Chief Finance Officer or a custodian meeting the requirements from time to time approved by the Mayor in the TMSS.

15.12 The Chief Finance Officer is the GLA's registrar of loans and other securities and will maintain records of all borrowing of money by the GLA.

15.13 Where the GLA provides treasury management services to other entities, the Chief Finance Officer shall ensure that transactions on behalf of another body are executed in accordance with

the treasury management policies and practices of that body, providing the GLA has been notified of the same.

15.14 The Chief Finance Officer will report to the Mayor (or any forum to which the Mayor has delegated by means of the TMSS) on the GLA's treasury management activities and on the exercise of treasury management powers delegated to them or others. Such reports shall include, at minimum, a mid-year review and outturn report for each financial year, in addition to the annual submission of the TMSS.

15.15 The Chief Finance Officer may delegate any investment or borrowing activity to the GLA's wholly-owned, authorised and regulated subsidiary, London Treasury Limited. The Chief Finance Officer will maintain appropriate contractual arrangements, including at minimum an investment management agreement, to ensure that any delegated activity falls within the requirements of the GLA's financial procedures and TMSS.

Part D. Systems and procedures

16. Income

16.1 The Chief Finance Officer shall make arrangements for the:

- proper recording of all sums due to the GLA
- prompt and proper accounting for all sums due, including, as appropriate, its collection, custody, control and deposit.

16.2 Income relating to goods and services must generally be invoiced for and paid prior to the delivery of goods or the provision of the service.

16.3 Sales invoices and credit notes must only be raised by Financial Services. They must be signed off by the budget holder and supported by documentation that shows the GLA has committed to provide the goods/services. If the documentation is not sufficient, Financial Services will not issue the invoice.

16.4 A credit note will not be issued, where this constitutes the writing off of a debt, without the appropriate controls listed under paragraph 16.13 being followed. Credit notes will only be issued where there is a genuine variation to a previously issued invoice, or where an error has been identified in the original invoice.

16.5 Where the organisation that the GLA is invoicing operates a purchase order (PO) numbering system there is likely to be a requirement that all sales invoices quote this number. The responsible officers should obtain this number and quote it with the sales invoice request sent to Financial Services.

16.6 Cash and cheque handling must be avoided wherever possible. If a cheque is received, however, this must be submitted to Financial Services immediately who will issue a receipt.

16.7 Cash must not be accepted as payment except in the instance of an unavoidable statutory obligation to do so. In such circumstances, the Chief Investment Officer will make arrangements for the treasury function to receive, secure and promptly bank such sums received.

16.8 All official receipt books and other similar items are designed, ordered and stocked by Financial Services who will also approve all arrangements for the issue and security of such documents.

16.9 Monies received on behalf of the GLA must not be used for cashing cheques belonging to officers of the GLA or any other persons.

16.10 Prior to signing documents that lead to money becoming due to the GLA under contracts, leases and other agreements, approval must be obtained in accordance with Mayoral Decision-Making in the GLA. All related documents and particulars should be provided to support the decision. The relevant Executive Director needs to be informed immediately of any changes or cessation of such arrangements that affect the monies due. Where such income due exceeds £1m in value, the group treasury function must also be informed.

16.11 Receipt of income to the GLA by way of grant (excluding mainstream government grants) should normally be accompanied by a formal agreement setting out relevant terms and other considerations. Tax advice may need to be sought.

16.12 Where a Decision Form provides for a delegation to receive income, this must be exercised in close consultation with the relevant Finance Business Partner to provide for proper budgetary control and accounting.

16.13 Provided appropriate steps have been taken to recover monies due to the GLA, the Assistant Director, Financial Services may authorise the writing off of sums owed by a single debtor of up to £75,000. Sums to be written off in relation to a single debtor between £75,000 and £250,000 require the approval of the Chief Finance Officer. Sums to be written off above £250,000 in relation to a single debtor require the approval of the Mayor, after consideration of a report from the Chief Finance Officer (note these values are in line with the financial thresholds in Mayoral Decision-Making and any changes to the thresholds in that document would in turn automatically change the thresholds for write-offs).

16.14 All sums written off will be recorded in a central register maintained by the Assistant Director, Financial Services. An annual report will be submitted to the Mayor summarising the sums up to £250,000 that have been written off in the financial year.

16.15 The Chief Finance Officer shall regularly review the GLA's policy on fees and charges, and the Assistant Director, Financial Services will maintain a list of all fees and charges.

17. Routine expenditure

17.1 As set down in Mayoral Decision-Making in the GLA, once budgets are approved, routine expenditure can generally be incurred up to the amount in an individual budget line (including any budget transfer made in accordance with these Regulations) without further approval – and providing that expenditure is in accordance with these Financial Regulations and the procurement procedures set out in the Contracts and Funding Code.

17.2 As referenced in the Code of Ethics and Standards for Staff, under the Nolan principles of public life, officers should not act or take decisions in order to gain financial or other material benefits for themselves, their family or their friends. They must declare and resolve any interests and relationships, and must not involve themselves in sign off procedures where such interests are involved. (This applies to both routine and non-routine expenditure alike).

17.3 The Chief Finance Officer has unlimited authority, subject to budget limits, to authorise payments relating to payroll, taxation, statutory filings, audit fees and insurance premiums.

17.4 Budget holders shall ensure that the group treasury function is provided with the details and proposed payment date for any item of expenditure exceeding £1m, whether routine or non-routine, as soon as practicable in advance of payment.

18. Non-routine expenditure

18.1 Mayoral Decision-Making in the GLA sets down the thresholds for the different approval levels (Mayor, Director, Assistant Director and Manager) for non-routine (including programme

expenditure) financial commitments related to Mayoral budgets (i.e. not Assembly or Greater London Returning Officer expenditure).

18.2 Where there is an overspend, the presumption is that the overspending service or project will identify a source of funding from within their directorate to compensate.

18.3 For the exercise of the functions of the Greater London Returning Officer, the post holder may through the GLA contract directly with suppliers and may work with London's 32 boroughs and the City of London to agree 'Maximum Recoverable Amounts'. The GLA will, under section 48 (3A) of the Representation of the People Act 1983, pay all expenses properly incurred for the exercise of these functions. The GLRO shall maintain a clear audit trail of all decisions taken and shall produce a Decision Form, which shall be signed off by the Chief Finance Officer.

18.4 Nothing in these Financial Regulations prevents any Executive Director from incurring expenditure which is essential to meet any immediate needs created by a sudden emergency. An emergency situation, in this context, is one in which expenditure must be incurred in the immediate future (usually within 24 hours) to secure very significant benefits or mitigate very significant detriments or risk. Usually those benefits or detriments will be associated with individuals' safety and wellbeing. Every effort must be taken to consult with the Chief Finance Officer, or their team, and the relevant Mayoral Advisor. A retrospective Decision Form must then be completed.

19. Orders for works, goods and services

19.1 Where approval to commit to expenditure has been obtained via a Decision Form, the approval number must be stated on the shopping cart / PO. The relevant documentation should be attached to the shopping cart showing the exact sum to be approved; for example, the Decision Form, the signed contract or funding agreement, or competitive quotes.

19.2 TfL Business Services, the GLA's shared service provider for procurement, will convert shopping carts into POs to expedite the payment of goods and services. Executive Directors and Assistant Directors / Heads of Unit are responsible for ensuring that correct details are entered onto the financial system.

19.3 The person authorising a shopping cart is responsible for ensuring the estimated cost of the order is covered by a budget provision. The contract is entered into upon the issue of the purchase order by TfL Business Services and therefore it is essential that the correct information is included in the shopping cart and that all procurement/Financial Regulations have been complied with.

19.4 Shopping carts must clearly indicate the nature and quantity of the goods, work or services required and contain an estimate of the sum involved. Oral orders may only be issued in exceptional circumstances, where a shopping cart cannot be raised or a PO cannot be issued at the time. If an oral order has to be made it must be confirmed within three working days by an approved shopping cart being passed to TfL Business Services indicating all details of the order and clearly marked 'confirmation of order'.

19.5 The Chief Finance Officer is responsible for developing and coordinating a corporate approach to the purchase and supply of goods and services – including promoting adherence to the Contracts and Funding Code.

19.6 Exemptions from raising a shopping cart have been agreed with TfL Business Services for specific expenditure types for which a PO is not appropriate. These include: penalties, levies,

business rates, utilities, compulsory purchase order settlements and the purchase of land via solicitors.

20. Procedures for payments and authorising accounts

20.1 The Chief Finance Officer is ultimately responsible for paying all properly authorised invoices and other requests for payment. The normal method of payment of money due from the GLA is by BACS.

20.2 When goods/services have been received, they must be entered promptly onto the finance system via a goods/services receipt confirmation (GRN).

20.3 Payment of an invoice will be delayed if a PO/GRN has not been entered onto the finance system.

20.4 When an invoice is received, and matched with the PO and GRN, Business Services at TfL, the GLA's shared services payments provider, will automatically generate payment. All invoices, not meeting the above requirements will be referred to the relevant directorate to resolve.

20.5 Executive Directors, Assistant Directors, Heads of Unit and budget holders with approved delegated authority on the finance system are authorised to approve POs and invoices/requests for payment. Approved signatories can authorise payments providing the:

- expenditure has been properly incurred and relevant budget provision exists
- works, goods or services to which the account relates have been received, carried out, examined and approved
- prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct
- coding of expenditure is correct and that all other appropriate checks have been made.

20.6 Executive Directors may request, in writing, that the Chief Finance Officer make a payment where prices have increased beyond the control of the contractor/supplier. They may make payment provided they are satisfied the increases are reasonable and are in accordance with a relevant decision as recorded in a Decision Form and are within overall budget provision.

20.7 Executive Directors shall ensure compliance with the annual closing of accounts instructions to help ensure the GLA's accounts are closed within the statutory timetables. In particular, as soon as possible after 31 March and in line with the closing of accounts timetable, SAP Budget Holders must notify their Finance Business Partner, supported by Management Accounting Officers of all outstanding income and expenditure relating to the previous financial year.

21. Salaries, wages, expenses and pensions

21.1 Responsibility for paying salaries, wages and pension benefits rests ultimately with the Chief Finance Officer.

21.2 Any extraordinary payroll payments and payments outside of agreements of general application must be specifically approved by the Chief Finance Officer in consultation with TfL Legal as necessary.

21.3 The Chief Finance Officer and the Assistant Director of People must be provided with information to facilitate the calculation and payment of salaries, wages and pension benefits, and to maintain appropriate financial records. In particular, but not exclusively, the People function (via the HR system where relevant) must be informed of all:

- appointments, resignations, dismissals, suspensions, secondments and transfers
- absences from duty for sickness or other reason, apart from approved leave
- changes in remuneration other than normal pay awards and agreements of general application
- information necessary to maintain records of service.

21.4 Any expenses and benefits must be approved, incurred and submitted in line with the GLA's Expenses and Benefits Framework.

22. Banking

22.1 The Chief Finance Officer will make all arrangements relating to the GLA's bank accounts.

22.2 All bank accounts should have an official title that must include the GLA's name or that of a subsidiary company. In no circumstances must an account be opened in the name of an individual.

22.3 The group treasury function will order all cheques and banking stationery and make arrangements for their safe custody. All cheque usage is to be recorded in a register.

22.4 Cheques require one authorised signatory, regardless of value.

23. Tax

23.1 The Chief Finance Officer is responsible for ensuring the GLA meets its requirements under tax legislation and avoids unnecessary costs that might arise. This includes the maintenance of tax records, making all tax payments, receiving tax credits, submitting tax returns by due dates and advising on tax matters for both the activities conducted by the GLA and its subsidiary companies.

23.2 The Chief Finance Officer is responsible for issuing guidance on all tax issues that affect the GLA and its subsidiary companies, covering payroll and non-payroll related tax issues.

24. Credit cards

24.1 Credit cards will be issued and expenditure must be incurred in line with the GLA's Expenses and Benefits Framework. Credit cards should only be used where there is no alternative means of payment by the GLA or it is a genuine emergency. As well as officers who hold a card, officers who have not been issued with one should also seek to utilise their Directorate's card via the officer who holds it.

Part E. External arrangements

25. Grant claims, bids for external funding and sponsorship

25.1 The Chief Finance Officer is responsible for the framework within which the GLA prepares and submits grant claims. Such claims may be submitted at the directorate level and following sign off by the responsible Assistant Director / Head of – but must have input from the Financial Services team.

25.2 Bids for external funding are to be approved at the following levels:

- in excess of £500,000: the Mayor or Deputy Mayor or Mayoral adviser with lead responsibility for that area
- up to and including £500,000: the relevant Executive Director.

The Chief Finance Officer must be consulted on any bid above £100,000; and Financial Services must be involved in the preparation of any bid.

25.3 The decision to seek sponsorship or donations to fund events, whether they are in cash, goods, services or in kind, must be approved at the same time as the associated event and in accordance with the levels set out above. The GLA's Sponsorship Policy applies.

25.4 Approval must be sought and received through a Decision Form, as per Mayoral Decision-Making in the GLA, before an agreement is entered into for the receipt of external funding. Unless an exceptional exemption is given through a Decision Form or by the Chief Finance Officer, all incoming external funding is expected to cover the associated staffing (including corporate) costs and all other associated overheads.

25.5 The Chief Finance Officer must be consulted on the VAT implications and raise invoices for the amounts due to the GLA.

26. Funding to external organisations

26.1 Grants may be awarded to an external organisation where their activities are in line with the Mayor's objectives and in accordance with the Contracts and Funding Code.

26.2 Approval must be obtained at the appropriate level before any commitment (whether oral or written) is made to provide funding to an external organisation, as set down in Mayoral Decision-Making in the GLA.

26.3 Officers must ensure that a funding agreement is put in place and signed at the appropriate level before the recipient organisation incurs any costs. Any expenditure prior to this is incurred at the recipient's risk.

26.4 Funding Agreement template documents are available on the intranet. TfL Legal's advice should be sought where the agreement is non-standard.