

# GLA Financial Regulations

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# Part A. Preamble: financial management at the GLA

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## 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; and
- 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 particular<sup>1</sup>:

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

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<sup>1</sup> The following are also related to the effective implementation of these Regulations: Head of Paid Service's Staffing Protocol; Sponsorship Policy; Codes of Conduct for Members and of Ethics and Standards for Staff, including procedure for registering interests; Records Management Policy; and the GLA's published transparency commitment and reporting arrangements, including to comply with the Local Government Transparency Code

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 Subsidiary Managed Companies: Greater London Authority Holdings and GLA Land and Property.

## 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 2472. In so doing, the Mayor approved also the delegations within this document to officers, principally the Executive Director of Resources.

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 GLA<sup>2</sup>.

2.3 The Executive Director of Resources 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, Finance & Governance has delegated authority to make minor drafting, corrective and presentational changes. They may also issue, update and amend any supplementary guidance and procedures.

### *The Executive Director of Resources*

2.4 The Executive Director of Resources is the GLA's Chief Finance Officer (CFO) and has statutory duties for financial administration and stewardship. These statutory duties arise from and relate to:

- 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; and
- 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 senior leadership team and reports directly to the Chief Officer,

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<sup>2</sup> 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.

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 (to include the Functional Bodies and the London Pension Fund Authority), 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; and
- 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 with the Assistant Director, Finance & Governance 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;
- Ensuring that the Annual Governance Statement identifies and reflect on any internal control or other governance issues relating to these Regulations that have arisen during the year; and
- Fulfilling the reporting requirements described at paragraph 2.11 and 2.12.

## *Executive Directors and Senior Members of Staff<sup>3</sup>*

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.

2.9 Assistant Directors will be cost centre holders and in turn have a responsibility for ensuring implementation within their teams. Specific responsibilities are set out in relevant sections of this document, but the principal, overarching responsibilities are to:

- Control income and expenditure and adhere to approval processes to ensure financial probity;
- Establish sound systems of resource planning and management to support continuous improvement, economy, efficiency and effectiveness – and achieve financial and operational performance targets;
- Support the Finance & Governance Unit in producing good quality financial information and forecasts and undertaking robust financial monitoring;
- Report to the Executive Director of Resources on any issues that have a material bearing on the GLA's financial position, risk quantum or insurance arrangements;
- Ensure, at a Unit level, sound arrangements are in place for in respect of asset management and control of stores; and
- 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;
- Observing and complying with the systems and procedures in this document relating to income, expenditure and orders for goods, works and services; and
- Reporting any concerns or opportunities for improvement to their managers or the Finance & Governance Unit.

## *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, Finance & Governance or their team will be reported immediately to the Executive Director of Resources 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.

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<sup>3</sup> Certain Directors have specific responsibilities, viz. the Head of Technology and Head of Facilities on stores and inventories (section 11) and the Executive Directors for Housing and Land and Development, Enterprise and Environment over land and property (section 12)

# Part B. Financial planning, monitoring and control

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## 3. The Mayor's annual revenue 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 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;
- Next, the Mayor prepares a consultation budget and a draft Capital Strategy, including a Capital Spending Plan, which are 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 budget, either with an amendment<sup>4</sup> (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 also<sup>5</sup>. 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 budget if a two-thirds majority of its Members vote in favour of a specific amendment; and
- The Mayor then publishes the final budget for the financial year ahead (together with the Capital Strategy, including the Capital Spending Plan).

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 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 Executive Director of Resources is responsible for ensuring the Mayor and the Assembly have sufficient information and advice to comply with the statutory budget setting process<sup>6</sup>. The

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<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> The provisions of the Greater London Authority Act 1999, as amended by the Greater London Authority Act 2007 and the Localism Act 2011.

Executive Director of Resources 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;
- The form in which the information must be presented; and
- 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 Executive Director of Resources 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 Executive Director of Resources notifies London's 33 billing authorities (the boroughs and the Corporate of London) of these precepts.

## 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 Assembly<sup>7</sup> 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.

4.3 Again, the Executive Director of Resources is responsible for ensuring the Mayor and the Assembly have sufficient information and advice to comply with the statutory requirements<sup>8</sup>. This includes advising on information to be included in the guidance referred to in paragraph 3.1 above. All capital receipts and prudential borrowing are corporate resources administered by the Executive Director of Resources.

4.4 Amendments, additions and deletions to the GLA's capital programme are approved either through a Decision Form or, where not explicitly connected to a particular decision requiring a Form, through the quarterly budget monitoring process (see below). The Assistant Director, Finance & Governance will maintain a list of all amendments, additions and deletions to the GLA's capital programme.

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<sup>7</sup> 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.

<sup>8</sup> 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.



## 5. Reserves

5.1 The Executive Director of Resources is responsible for advising the Mayor and the Assembly on prudent levels of reserves for the GLA.

## 6. Budget monitoring

6.1 The Assistant Director, Finance & Governance, on behalf of the Executive Director of Resources, 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;
- Go through the monitoring arrangements for the coming year, including how any underspends can be used to support Mayoral priorities across the GLA;
- Set out any carry forwards required; and
- Confirm quarterly spending profiles for major projects to facilitate in-year monitoring.

6.3 It is the AD / Head of Unit's responsibility to, within their area, control income and expenditure, monitor financial performance and make accurate forecasts for future expenditure, taking account of financial information provided by the Finance & Governance Unit.

6.4 Every quarter, Finance & Governance will produce and circulate budgetary control reports with a list of variances that require explaining. These explanations and a full year forecast of income and expenditure should be prepared and submitted within agreed timetables. It is important these forecasts are realistic; that is, to the greatest extent possible an accurate reflection of likely future spend.

6.5 The Executive Director of Resources 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 that has not been committed between budget codes. The following principles and rules apply to budgets transfers within a financial year:

- Budget holders may not transfer provision from their capital budgets to their revenue budgets, unless explicitly approved by the Executive Director of Resources;
- Budget holders may transfer provision from their revenue budgets to their capital budgets;
- Budget holders may not transfer provision from programme budgets to non-programme budgets; and
- Budget holders are free to transfer provision from non-programme budgets to programme budgets.

7.2 Any budget transfers need to provide the resources to meet all and any ongoing commitments, including over future years, associated with activity both the 'from' and 'to' budget is intended to fund.

7.3 Budget transfers for non-routine expenditure should be approved through the GLA decision-making process, as set down in Mayoral Decision-Making in the GLA; i.e. alongside the proposed project or other financial commitment in question. The financial comments in the Decision Form must be explicit about the proposed budget transfer.

7.4 Budget transfers for routine expenditure should be agreed in writing (i.e. an email) between the budget holders and the lead accountant for that area.

7.5 Where there are budget transfers proposed within a suite of programme budgets or within a suite of non-programme budgets – and where expenditure is already approved, the financial commitment is unaffected and there are otherwise no financial implications for the GLA – then they should be agreed in writing (i.e. an email) between the budget holders and the lead accountant for that area.

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

7.7 Movement of budgets across financial years are subject to the annual budget setting process.

## 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 apply to programme budget underspends identified at 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 proposals arising at quarter 4 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) alignment to Mayoral priorities; and iii) the overall financial position of the Authority.

8.4 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.

8.5 For the Mayor's component budget, budget carry forwards are subject to the approval of the Mayor's Chief of Staff and the Executive Director of Resources and will be integrated into the annual budget setting process. Proposed budget carry forwards should be in excess of a de minimis threshold, as advised by the Executive Director of Resources on an annual basis.

8.6 For the Assembly's component budget, budget carry forwards are subject to the approval of the Executive Director of Secretariat and to the Executive Director of Resources and will be integrated into the annual budget setting process.

8.7 The annual budget setting process will consider any outstanding budget requests which have yet to gain specific approval via a Decision Form, including any proposals to draw down from reserves. All such requests will need to be submitted by the end of quarter three.

# Part C. Risk management and controlling resources

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## 9. Risk management and insurance cover

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

9.2 An important part of effective risk management is mitigating, where appropriate, risks through insurance cover. The Executive Director of Resources 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.

9.3 Executive Directors should immediately notify the Executive Director of Resources 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.

9.4 Executive Directors will also immediately notify the Executive Director of Resources 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; and
- Give rise to a claim against the GLA.

9.5 The Executive Director of Resources, in consultation with or through a delegation to other relevant officers, will negotiate all claims with the GLA's insurers.

9.6 Executive Directors must consult the Executive Director of Resources in respect of any terms of any indemnity which the GLA is requested to give.

## 10. Internal control

10.1 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.

10.2 The Chief Officer and the Executive Director of Resources 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.

10.3 The Executive Director of Resources 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.

## 11. Internal audit

11.1 The Executive Director of Resources 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.

11.2 The Mayor, on the recommendation of the Executive Director of Resources and having consulted with the Assembly, approves the appointment of the internal audit supplier.

11.3 The Executive Director of Resources will ensure an Annual Audit Plan is prepared. Internal Audit will report on its delivery of the Annual Audit Plan and the Executive Director of Resources will maintain oversight. Progress will be reported periodically to the Assembly and made available to the Mayor.

11.4 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.

## 12. Stores and inventories

12.1 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 stores and inventories.

12.2 The Head of Technology 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.

12.3 The Head of Facilities Management and the Head of Technology must arrange for physical checks of their inventories on a regular basis. They must report significant discrepancies to the Executive Director of Resources. After investigation, the Executive Director of Resources will make a report, as necessary, to the Mayor identifying action taken to avoid recurrences.

12.4 The Head of Technology 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.

12.5 The Executive Director of Resources is responsible for the termination of leases and return of leased assets pertaining to the GLA's offices and facilities.

12.6 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 £1,000. 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.

## 13. Land, buildings and other major assets

13.1 The Executive Director of Housing and Land and the Executive Director of Development, Enterprise and Environment are responsible, within their respective areas, for managing and optimising the GLA's interests in or over land and property. They are responsible for ensuring compliance with legislation<sup>9</sup> that specifies which activities must be carried out by a GLA subsidiary company established for this purpose. The Executive Director of Resources 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).

13.2 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.

13.3 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.

13.4 The Executive Director of Resources 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.

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

13.6 The Executive Director of Resources 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.

13.7 The Executive Director of Resources 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 Executive Director of Resources shall ensure these estimates are monitored closely and reported to the Mayor and the Assembly.

13.8 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.

## 14. Treasury management

14.1 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.

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

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<sup>9</sup> The GLA Act and GLA (Specified Activities) Order 2013.

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

14.4 In line with proper practice, the Executive Director of Resources will submit a Treasury Management Strategy Statement and Treasury Management Policy Statement to the Mayor for approval periodically. These documents shall be promptly revised and resubmitted as necessary in response to changing circumstances.

14.5 Under delegation from the Mayor, the Executive Director of Resources 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.

14.6 The responsibility for implementing and monitoring the GLA's Treasury Management Strategy Statement, approving Treasury Management Practices and all executive decisions on investment, borrowing or financing are delegated to the Executive Director of Resources.

14.7 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 (outside of the Group Investment Syndicate) or ring-fenced by statute, such as the Business Rates Supplement (BRS) Act 1999. The Executive Director of Resources 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.

14.8 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 Executive Director of Resources, however, must ensure that the GLA is not exposed to additional risk by such arrangements.

14.9 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 Executive Director of Resources or a custodian meeting the requirements from time to time approved by the Mayor in the Treasury Management Strategy Statement.

14.10 The Executive Director of Resources is the GLA's registrar of loans and other securities and will maintain records of all borrowing of money by the GLA.

14.11 Where the GLA provides treasury management services to other entities, the Executive Director of Resources 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.

14.12 The Executive Director of Resources will report to the Mayor on the GLA's treasury management activities and on the exercise of treasury management powers delegated to them. 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 Treasury Management Strategy Statement.

14.13 The Executive Director of Resources may delegate any investment or borrowing activity to the GLA's wholly-owned, authorised and regulated subsidiary, London Treasury Limited. The Executive Director of Resources 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 Treasury Management Strategy.



# Part D. Systems and procedures

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## 15. Income

15.1 The Executive Director of Resources shall make arrangements for the:

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

15.2 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.

15.3 Sales invoices and credit notes must only be raised by Finance & Governance. 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, Finance & Governance will not issue the invoice.

15.4 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 Finance & Governance.

15.5 Cash and cheque handling should be avoided where possible. If cash or a cheque is received, however, this must be submitted to Finance & Governance immediately who will issue an official receipt.

15.6 Within Finance & Governance, cash received shall be counted and signed off by two officers. Cheques will be logged in the cheque receipt book and the receipt signed off by two officers. All funds received in this way will be stored securely and banked promptly.

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

15.8 Monies received on behalf of the GLA must not be used for cashing cheques belonging to officers of the GLA or any other persons other than in exceptional circumstances agreed by the Executive Director of Resources.

15.9 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 Senior Group Treasury Officer – Operations must also be informed.

15.10 Provided appropriate steps have been taken to recover monies due to the GLA, the Assistant Director, Finance & Governance may authorise the writing off of sums owed by a single

debtor of up to £50,000. Sums to be written off in relation to a single debtor between £50,000 and £150,000 require the approval of the Executive Director of Resources. Sums to be written off above £150,000 in relation to a single debtor require the approval of the Mayor, after consideration of a report from the Executive Director of Resources (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).

15.11 All sums written off will be recorded in a central register maintained by the Assistant Director, Finance & Governance. An annual report will be submitted to the Mayor summarising the sums up to £150,000 that have been written off in the financial year.

15.12 The Executive Director of Resources shall regularly review the GLA's policy on fees and charges, and the Assistant Director, Finance & Governance will maintain a list of all fees and charges.

## 16. Routine expenditure

16.1 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.

16.2 Where an authorised signatory is the direct beneficiary of the expenditure, then approval must be obtained from their line manager.

16.3 The Executive Director of Resources has unlimited authority, subject to budget limits, to make payments relating to payroll, accommodation costs, audit fees and insurance premiums.

16.4 Budget holders shall ensure that the Senior Group Treasury Officer - Operations is provided with the details and proposed payment date for any item of routine expenditure exceeding £1m as soon as practicable in advance of payment.

## 17. Non-routine expenditure

17.1 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).

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

17.3 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 Executive Director of Resources.

17.4 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, providing that their actions are reported as soon as practicable to the Mayor.

17.5 Originators of non-routine expenditure shall ensure the Senior Group Treasury Officer – Operations is provided with the details and proposed payment date for any item of such expenditure exceeding £1m as soon as is practicable in advance of payment.

## 18. Orders for works, goods and services

18.1 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 to be approved; for example, the Decision Form, the signed contract or funding agreement, or competitive quotes.

18.2 TfL Procurement, 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 are responsible for ensuring that correct details are entered onto the financial system.

18.3 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 Procurement 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.

18.4 Shopping carts must clearly indicate the nature and quantity of the goods, work or services required and contain an estimate of the sum involved. Shopping carts need not be completed for regular payments for routine items of expenditure.

18.5 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 Procurement indicating all details of the order and clearly marked 'confirmation of order'.

18.6 The Executive Director of Resources 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.

18.7 Executive Directors should immediately inform the Chief Accountant of any variation or cessation of regular periodic payments that relate to their area of responsibility.

18.8 Exemptions from raising a shopping cart have been agreed with TfL Commercial and Accounts Payable for specific expenditure types for which a PO is not appropriate; such as fines, penalties, business rates, utilities, compulsory purchase order settlements and the purchase of land via solicitors.

## 19. Procedures for payments and authorising accounts

19.1 The Executive Director of Resources 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.

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

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

19.4 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.

19.5 Executive Directors, Assistant Directors, Heads of 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; and
- Coding of expenditure is correct and that all other appropriate checks have been made.

19.6 Executive Directors may request, in writing, that the Executive Director of Resources 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 (provided by budget transfer if necessary).

19.7 Executive Directors must comply 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, Executive Directors must notify the Executive Director of Resources of all outstanding income and expenditure relating to the previous financial year.

## 20. Salaries, wages, expenses and pensions

20.1 Responsibility for paying salaries, wages and pension benefits rests ultimately with the Executive Director of Resources.

20.2 Any extraordinary payroll payments and payments outside of agreements of general application must be specifically approved by the Executive Director of Resources in consultation with TfL Legal as necessary.

20.3 The Executive Director of Resources and the Assistant Director of Human Resources and Organisational Development 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 HR team (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; and
- Information necessary to maintain records of service.

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

## 21. Banking

21.1 The Executive Director of Resources will make all arrangements relating to the GLA's bank accounts.

21.2 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.

21.3 The Senior Group Treasury Officer – Operations will order all cheques and banking stationery and make arrangements for their safe custody. All cheque usage is to be recorded in a register.

21.4 Cheques require one authorised signatory, regardless of value.

## 22. Tax

22.1 The Executive Director of Resources 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.

22.2 The Executive Director of Resources 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.

## 23. Credit cards

23.1 Credit cards will be issued and expenditure must be incurred in line with the GLA's Expenses and Benefits Framework.

# Part E. External arrangements

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## 24. Grant claims, bids for external funding and sponsorship

24.1 The Executive Director of Resources 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 Finance & Governance team.

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

- In excess of £500,000: the Mayor or relevant Deputy Mayor;
- Up to and including £500,000: the relevant Executive Director

The Executive Director of Resources must be consulted on any bid above £100,000; and Finance & Governance must be involved in the preparation of any bid.

24.3 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.

24.4 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.

24.5 The Executive Director of Resources must be consulted on the VAT implications and raise invoices for the amounts due to the GLA.

## 25. Funding to external organisations

25.1 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.

25.2 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.

25.3 Officers need to liaise with TfL Legal to ensure that a funding agreement is put in place and signed at the appropriate level before the recipient organisation incurs any costs.

25.4 A Funding Agreement Toolkit and template are available on the intranet.

25.5 The GLA Open Project System (OPS) is being progressively rolled out as a grant and project management IT system and the presumption is grant funding schemes should be managed through the system unless there is a valid business reason not to do so.