

Transport for South Hampshire (TfSH) FINANCIAL PROTOCOLS

A. General

1. These Financial Protocols are to be read in conjunction with the Joint Agreement established between the participating authorities, and with the governance protocols approved by the TfSH Joint Committee. The protocols are issued by the duly appointed Chief Finance Officer for TfSH appointed by the Joint Committee in accordance with the Joint Agreement. The Chief Finance Officer shall provide advice and assistance in financial administration and other associated financial issues.
2. Interest on balances held in Hampshire County Council (HCC) accounts will be paid to TfSH annually. “Overdrafts” will be charged interest in a like manner.
3. Staff which the TfSH Joint Committee agree to employ discharging delegated functions for the Joint Committee will be employed by the Lead Authority for financial matters (HCC) unless agreed otherwise by the Project Director in consultation with the Chief Finance Officer. Secondments can be utilised where appropriate.
4. The principles of Value for Money (VFM) should be borne in mind in all financial aspects of TfSH, including competitive tendering for goods and services.
5. The conduct of staff seconded to TfSH is covered by Hampshire County Council’s Corporate Anti-fraud and Corruption Strategy . The lead authority for any expenditure or project is responsible for ensuring that adequate mechanisms and processes are in place to ensure detection of fraud, and recovery of losses where fraud is proven, and that their own fraud and corruption policies are fully complied with.

B. Revenue Budget Expenditure

6. The Joint Committee will set the overall budgets at the start of the financial year.
7. TfSH Senior Management Board to monitor the budgets and take appropriate action, or make recommendations to Joint Committee.
8. Where invoices are to be paid directly by the lead authority for financial matters (HCC), procurement must be through HCC, otherwise the lead authority for the project must follow their own procurement procedures, pay the invoice and seek reimbursement from HCC using the appropriate grant claim form. (see Appendix 2).
9. All financial commitments to be agreed before they are entered into by the Lead Chief Officer of the authority appointed as Lead Authority for any major projects,

or the TfSH Project Director and sanctioned by the Treasurer following confirmation of available budget.

10. All invoices for work commissioned through HCC to be paid by HCC on confirmation by the TfSH Project Director that the work has been completed, using the TfSH 'Claim for Re-Imbursement of Expenditure' Form (see Appendix 2). Work commissioned by an authority other than HCC must be paid for by that authority and reclaimed. HCC will NOT pay suppliers invoices where goods/services have been procured other than via HCC procedures.
11. Where the TfSH Project Director has approved staff time and related support costs against a particular project, these must be invoiced to HCC for reimbursement, using the TfSH 'Claim for Re-Imbursement of Expenditure' Form (see Appendix 2).
12. Any directly procured services, where costs are incurred by lead authorities, are to be reimbursed via sending a claim form to HCC as lead authority for financial matters, and approved by the TfSH Project Director, using the TfSH 'Claim for Re-Imbursement of Expenditure' Form (Appendix 2). VAT on directly procured services should be accounted for/reclaimed by the procuring authority and only the net cost should be reclaimed from HCC. ALL procurement should be in the name of the procuring authority, NEVER in the name of TfSH.
13. All contributions to be invoiced to partners and paid in line with agreed terms.
14. All grants payable to TfSH to be paid to HCC or, if paid to a partner directly, to be transferred to HCC at the earliest opportunity.
15. All projects costing over £250,000 require a project approval form to be completed using the standard TfSH Project Approval Form (Appendix 1).

C. Capital Budget Expenditure

16. The Joint Committee to set the allocation to each capital project in line with the TfSH business plan at the start of the year.
17. The Joint Committee shall be the recipient of capital funds and the body that decides how those funds are spent, but shall not incur capital expenditure directly (since TfSH is not a legal entity and cannot own any such assets created).
18. Lead partners shall procure and account for capital expenditure and new assets created in line with their own financial protocols. Maintenance and other liabilities for capital assets created rest with the relevant Lead Authority.
19. Where actual capital expenditure or a revised estimate of cost is greater than the budget allocation, the TfSH Project Director, in consultation with the Chief Financial Officer, has the discretion to authorise this provided that the extra cost does not exceed £100,000 or 10%, whichever is the less. Such overspends should be offset by underspends or the use of unallocated resources, and must be reported to the next meeting of the Joint Committee.

20. Where the total cost of a project remains within the approved sum, but timing requires additional funding in the current financial year, the TfSH Project Director, in consultation with the Chief Financial Officer, may authorise the expenditure, provided that the additional spend in the year can be funded within current resources available.
21. Claims for reimbursement of capital expenditure from lead authorities are to be made by submission of claim form to HCC, in line with project approvals and on the confirmation from the relevant Lead Authority, that work has been completed satisfactorily, using the TfSH 'Claim for Re-Imbursement of Expenditure' Form (see Appendix 2). Payments will not be made directly to suppliers or contractors on submission of an invoice.
22. On completion of the project, the TfSH Project Completion Form (Appendix 4) must be completed by the Project Manager, and submitted to the TfSH Project Director at the same time as the final claim for re-imburement, together with a copy of the original Project Appraisal Form submitted for the project. Payment of the final claim will only be made on receipt of the completed Project Completion Form. The form compares actual costs and performance against the original plan and explains significant variations. The TfSH Project Director will sign off the Completion Form, and submit a report to Joint Committee summarising the completion of projects in the financial year, and highlighting the reasons for any significant variations compared to the original submissions and any lessons to be learned for future projects.

D. Project Approval

23. All capital projects and revenue bids over £5,000 and revenue project over £250,000 require the completion of the TfSH Project Appraisal template attached as Appendix 1. Projects under £25,000 require only a partial Project Appraisal to be completed. The sections relating to Options, Implementation Plan and Risk can be omitted.
24. The table below sets out the process for approval of projects submitted. Projects can only be approved if sufficient resources are available, as determined by the Chief Financial Officer (or his nominated officer).

Estimated Value	Revenue	Capital
Under £5,000	To be approved by Project Director	To be approved by Project Director
Over £5,000 and under £25,000	To be approved by Project Director	To be approved by Project Director
Over £25,000 and under £250,000	To be approved by Project Director	To be approved by Project Director
Over £250,000	To be approved by Chief Officer and Chairman and Vice Chair of Joint Committee	To be approved by Chief Officer and Chairman and Vice Chairman of Joint Committee
Additional requirement over	To be approved by Chief Officer and Chairman of Joint Committee	To be approved by Chief Officer and Chairman of Joint Committee

budget allocation		
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E. Emerging Funding - Project Approval and reclaiming expenditure

25. Once the revenue and capital budgets are set at the start of the financial year, further funding streams/sources may subsequently be identified.
26. The TfSH Project Director and Chief Finance Officer should be notified whenever a potential source of additional funding or opportunity to bid to an external organisation arises, and a Project Appraisal should be completed as per the table in Section D above. No commitments should be made to any third parties on behalf of TfSH without the appropriate approvals having been confirmed.
27. Subject to the Constitutional arrangements within any authority, this Protocol enables the Lead Authority to form contracts in their name on behalf of TfSH up to a maximum value of £1 million (subject to legal & finance advice on the risk to the Lead Authority) without the need for a specific resolution of the Joint Committee being required for each contract. Contracts over £1million need specific Joint Committee approval, and in approving such contracts, matters such as liabilities should be addressed expressly by the Joint Committee. Proposed contracts needing legal & finance consideration/approval should be submitted at least three weeks ahead of the deadline for signature, to allow sufficient time for consideration and consultation.
28. The TfSH Joint Agreement provides that if a liability arises out of the action or inaction of one and only one Party to the Joint Agreement, then that Party will be liable for that liability.

F. Financial Reporting

29. Periodic reporting (quarterly) for both revenue and capital expenditure to go to the Senior Management Board, and to the Joint Committee, as allowed within the Joint Committee schedule.
30. Project Managers are to report on progress of projects against the budget approval by means of the Monitoring Progress Report to the TfSH Project Director (see Appendix 3). These should be completed and returned to the TfSH Project Director (copied to HCC Finance) at the end of each quarter.
31. The final outturn against the approved budget will be reported to the Joint Committee as part of the Annual Statement of Accounts before the 30 June of the following financial year.
32. Mainstream budgets to be fully and properly accounted for, including local authority contributions, New Growth Point funds, DfT and any other resources payable to the lead authority for financial matters (HCC) on behalf of TfSH.

G. Audit

33. The Chief Financial Officer will arrange for the audit of TfSH accounts by an appropriate approved auditor.

34. The annual Statement of Accounts is to be formally presented to the Joint Committee, as required by statute, before the 30 June of the following financial year.
35. All Partners must retain all original documentation necessary to ensure audit compliance.
36. The Chief Financial Officer will liaise with the auditor to ensure the financial systems and procedures associated with PUSH are acceptable.

Transport for South Hampshire (TfSH) PROJECT APPRAISAL

Project Details		
Project Title:		
Project Manager:		
Contact Details:		
Summary of Proposed Project:		
Project Aims:		
Link to TfSH objectives:		
Key Outputs:		
Anticipated Outcomes:		
Expected start / finish dates:	Start date: End date:	
Summary of Expected Costs: 1) Revenue: <ul style="list-style-type: none"> • Fees • Expenses • Other 	Total Project Costs	TfSH Contribution

2) Capital: <ul style="list-style-type: none"> • Land • Construction • Fees • Other 3) Ongoing Revenue Consequences:		
Source of TfSH Funding: (e.g. Core, NGP, SEEDA)		
Planned Cash Flow: (£000s) (TfSH Contribution only)	2008/09 Q1 Q2 Q3 Q4 Total	2009/10 2010/11

Appraisal of Options

Options identified:	Option 1	Option 2	Option 3	Option 4
Evaluation Criteria:				
Summary of Indicative Costs				
Anticipated Benefit				
Preferred Option:				

Implementation Plan	
Key Milestone Dates: (depending on project) e.g. <ul style="list-style-type: none"> • Tenders issued • Tenders returned • Contract awarded • Contract commence • Critical path dates • Contract finish 	
Accountable Officer:	
Reporting requirements: <ul style="list-style-type: none"> • Reporting to: • Frequency 	
Resources required: e.g. Staff time, equipment, materials	

Cost figures checked and agreed by Finance Department	Signed Finance Dept.	Date
Agreement that ongoing asset maintenance and revenue costs will be met by host local authority	Signed Finance Dept.	Date

APPENDIX 2

Project Approved by TfSH Senior Management Board	Signed Chairman	Date
Project Approved by TfSH Joint Committee (if required)	Signed Chairman	Date

Appendix 1 – Analysis of Risk

No.	Summary of Risk	Probability	Impact	Importance	Proposed Action
	Scoring: High=3; Med=2; Low=1	High/ Medium/ Low	High/ Medium/ Low	Prob. X Impact	
1	Funding (Funding not received or less than expected)				
2	Budget over/under (Significant variations in spend against budget)				
3	Missed milestones				
4	Resources (Staff, equipment etc. not being available)				
5	Outputs/Outcomes (Project objectives not being realised)				
6	Other				

TfSH – CLAIM FOR RE-IMBURSEMENT OF EXPENDITURE

Re-imburement will be made by the TfSH Treasurer from the TfSH holding account on the following conditions:

- Expenditure is for work done on a capital project approved by TfSH Joint Committee, or within the approved revenue budget allocation;
- Expenditure is certified to be within the budget approved by the TfSH Joint Committee.
- Claims must be made on a TfSH Claim for Re-Imbursement Form (attached), and accompanied by a copy of the invoice paid together with evidence that the invoice has been paid by the claiming authority.
- In exceptional circumstances, re-imburement may be made for part payment or in advance of receiving the invoice, in order to support the claiming authority's cash flow position. Such claims must be agreed in advance by the TfSH Treasurer or his representative.
- The original invoice, together with any supporting documentation, must be retained by the claiming authority, and made available for audit purposes.
- The claim must be certified by the nominated project manager, or lead chief executive, and authorised by the TfSH Project Director.
- The claim should be net of VAT which will be reclaimed by the claiming authority from HMRC in accordance with their normal procedures.
- In the event that the project is terminated or otherwise not completed as set out in the Joint Committee approval, this must be reported to the TfSH Project Director as soon as possible, and be subject of a report to the Joint Committee, who will determine what action to take to safeguard TfSH interests, which may include repayment of all or part of the grant, or sale of land or buildings acquired with the grant and return of those proceeds to TfSH.

TfSH – CLAIM FOR RE-IMBURSEMENT OF EXPENDITURE

Claiming Authority:	
Project Name:	
Project Manager:	
Date of Joint Committee Approval	
Total Approved Budget	
Claim Number	
Total claimed prior to this claim	

Detail of Claim

Land	
Construction	
Fees	
Other (please specify)	
TOTAL OF CLAIM	

PROJECT MANAGER DECLARATION

I certify that this claim is correct and in accordance with the project approval and budget as approved by the TfSH Joint Committee.

Signed

Date

Name (in capitals)

TfSH PROJECT DIRECTOR DECLARATION

I authorise the payment of this claim is correct.

Signed

Date

Name (in capitals)

FOR HAMPSHIRE COUNTY COUNCIL TREASURER'S DEPARTMENT

Date Received:

Date Paid:

Cost Code

TfSH – MONITORING PROGRESS REPORT

Claiming Authority:	
Project Name:	
Project Manager:	
Date of Joint Committee Approval	
Total Approved Budget	

Progress Report to end:	(month/year)
Approved Budget for current year:	
Total Re-imbursment claimed for current year to date:	
Details of Reimbursements received to date:	
Details of Outstanding Orders Raised:	
Total value of Outstanding Orders Raised:	
<u>Estimated cash flow:</u>	<u>Amount</u>
Q1	Q1
Q2	Q2
Q3	Q3
Q4	Q4

Project Progress Update from Previous Month (Including explanation of Exceptions etc)

TFSH PROJECT COMPLETION FORM

To be submitted with the Final Claim for
Re-imbusement for all capital and revenue projects

1. Project Details		
Project Title:		
Project Manager:		
Contact Details:		
How have Project Aims been achieved?:		
Link to TfSH objectives:		
Key Outputs achieved:		
Outcomes:		
Start / finish dates:	Start date: Expected: End date: Expected:	Actual: Actual
Summary of Costs:	Estimated Project Costs (£)	Actual Project Costs (£)
3) Revenue: <ul style="list-style-type: none"> • Fees • Expenses • Other <p style="text-align: right;">Total</p>		
4) Capital: <ul style="list-style-type: none"> • Land • Construction • Fees • Other <p style="text-align: right;">Total</p>		
3) Ongoing Revenue Consequences: <p style="text-align: right;">Total</p>		

Comments on Project Outcomes and Reasons for Variations compared to Appraisal:

Signed	Date
Project Manager	
Signed	Date
Chief Finance Officer	

TfSH Project Director Comments on Project Outcomes :

Signed	Date
TfSH Managing Director	