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**FIN POL002**  
**Financial Procedure Rules**

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## 1 Purpose

Financial Procedure Rules are a key element of YPO's governance arrangements. They make a clear, understandable, and transparent statement that aims to promote the highest standards in financial management and activity, ensuring probity, integrity, accountability, and impartiality.

Financial Procedure Rules apply to everyone and failure to comply with them may lead to disciplinary action.

In circumstances arising from an emergency, it is permitted to set aside or waive some Financial Procedure Rules. When this occurs the MD / ED-F must inform the CFO at the earliest opportunity and provide a written report to the next Management Committee.

## 2 Roles and Responsibilities

### Responsibilities for Observance

In accordance with the Local Government Act 1972 (Section 151) and the Accounts & Audit Regulations, YPO's Lead Authority must appoint a suitably qualified Responsible Financial Officer. As Lead Authority, Wakefield Council has appointed the Chief Finance Officer (CFO) to this role. CFO is responsible for the proper administration of YPO's finances, maintaining and updating FPRs, and reporting any breaches to the Management Committee.

### Delegated Authority

The day-to-day management of YPO's financial arrangements is delegated to YPO's Managing Director (MD) or Executive Director – Finance (ED-F), as set out in the Scheme of Delegation.

The Scheme of Delegation sets out the delegation from our Management Committee to our Lead Authority and Chief Finance Officer, and then through to the MD and ED-F at YPO.

All financial reporting and decisions are reported back to the Management Committee through the agreed Committee cycle where their approval of any recommendations is agreed and recorded.

## 3 Financial Procedure Rules

### Core Responsibilities of the YPO MD, ED-F and Finance team

To maintain and review all accounting records, to ensure these records are accurate and up to date to present a true and fair view of the Organisation's financial performance and position.

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These records include all invoices, cash transactions, accounting adjustments and payroll information.

To ensure the safeguarding of all assets by ensuring accurate and up to date registers are in place and maintained, these include: -

- Goods held for resale
- Non-Current Assets inc. Land and Buildings
- Assets held not for resale
- Debtors, Cash and Creditor balances

Ensure adequate policies and procedures are in place to prevent fraudulent and other irregular activities. This includes the segregation of duties across all invoice and payment processing activities.

All employees are expected to always act in accordance with YPO’s Anti-Bribery Policy

**Financial reporting and decision making**

In line with the agreed reporting cycles, periodic reports will be submitted to Member Committees, the Chief Finance Officer of the Lead Authority and YPO Board covering: -

- Financial Performance, KPI analysis and Annual Accounts.
- Budget setting and Business Planning.
- Ad hoc financial reports for decision making purposes.

All reports will include recommendations for members to approve.

The draft and audited Statement of Accounts will be prepared and reported annually to the Audit & Governance Committee and to the Management Committee.

Regular Finance updates will also be provided at the Founder Member Forums held during the year; these include Finance Directors, Heads of Procurement, Legal Officers and Chief Executives Forums.

The updates will include Financial Performance, Budget Setting and Dividend Strategies, along with any additional requests from members.

**Authorised signatures and limits**

The ED-F will maintain a list of authorised signatories and authorisation levels for purchase orders.

The ED-F will also maintain a list of authorisation levels for :-

- Customer Credit Limits
- Customer Write Offs
- Inventory Write Offs
- Asset Disposal

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- Payroll

Appendix 2 provides a breakdown of each authorisation level.

The ED-F will maintain a policy that sets out the responsibilities of authorising officers. All authorising officers will familiarise themselves with the policy and their responsibilities.

The MD will authorise several officers as Procurement Card holders. Card holders must comply with Finance Procedure Rules, Contract Procedure Rules and the Payment Card Manual.

### **Banking and Treasury Management**

The CFO will make arrangements for the negotiation of banking terms, the opening and operation of YPO bank accounts.

Day-to-day banking transactions will be managed by YPO, with regular engagement held with the Bank’s Relationship Manager.

A Bank Mandate will be maintained and updated where needed which confirms authorisation levels.

The MD / ED-F will ensure that all treasury management transactions are made in accordance with the Treasury Management Policy. Formal arrangements may be entered into with the Lead Authority with the approval of the CFO and ED-F.

### **Reserves**

The MD / ED-F will maintain approved procedures and records for creating a reserve, that include the purpose of the reserve. Reserve creation must be reviewed by the CFO and approved by the Management Committee prior to use.

Once approved inclusion of the reserve gives the MD / ED-F authority to incur expenditure.

Change of use of a reserve must be reviewed in advance by the CFO and approved by Management Committee.

### **Investments**

The MD / ED-F will maintain approved procedures and records for investment proposals including funding and borrowing in accordance with the Capital Policy, and ongoing revenue implications. Investment proposals must be reviewed by the CFO and approved by the Management Committee prior to expenditure.

Once approved, inclusion in the investment proposal gives the MD / ED-F authority to incur expenditure.

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Progress of investment proposals, including attainment of milestones and any overspends, must be reported to Management Committee at least annually.

**Accounting, Statutory Returns and Taxation**

The ED-F will ensure that all required statutory returns are published and submitted on time.

The ED-F will ensure compliance with HMRC requirements including VAT, and ensure all payments are made on time.

**Risk, Insurance, Assurance and Audit**

The MD will maintain an appropriate Risk Management Framework, Strategy and Policy.

The MD / ED-F will maintain arrangements to effectively manage credit risk and control.

The MD / ED-F will ensure YPO has effective insurance arrangements in place to meet legal requirements and to transfer risk, where appropriate.

The CFO will review YPO’s insurance arrangements at least annually.

The CFO will enable the provision of an Internal Audit function, acting in accordance with relevant standards (currently Public Sector Internal Audit Standards) to provide assurance and make recommendations for improvements in risk mitigation and internal control.

The CFO and / or their IA representative retains the right of access at all reasonable times to YPO premises; documents, records and correspondence; stocks and assets; employees; information and explanation.

The MD / ED-F will ensure that all suspected and actual irregularities are reported to the CFO / Internal Audit, and where appropriate, the Police.

The MD / ED-F will ensure that an appropriate External Auditor is appointed and that they are given the right of access at all reasonable times to YPO premises; documents, records and correspondence; stocks and assets; employees; information and explanation.

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## Appendix 1 Definitions for Financial Procedure Rule and Standing Orders for Contracts

“**Organisation**” means the consortium of local authorities known as Yorkshire Purchasing Organisation (YPO)

“**Managing Director**” means the current Managing Director of the Yorkshire Purchasing Organisation or an officer designated by him/her.

“**Executive Director - Finance**” means the current Executive Director – Finance of the Yorkshire Purchasing Organisation or an officer designated by him/her.

“**Chief Financial Officer**” means the current Director of Finance of the Lead Authority responsible to the Management Committee of the Organisation for providing financial advice to the Organisation (other than the financial services performed by the Managing Director or other officers designated by him/her). In fulfilling this role the Chief Financial Officer will be able to rely on the Managing Director of the Organisation to keep him/her informed on all aspects of his/her role relating to the Organisation under Section 151 of the Local Government Act 1972, including compliance with the rules forming the Financial Procedure Rules and Standing Orders relating to Contracts of the Organisation.

“**Management Committee**” means the elected members of the Organisation constituting its Management Committee and any of its Sub Committees.

“**Lead Authority**” is the member authority chosen by the Management Committee to provide support services to the Organisation.

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## Appendix 2 Authorisation Limits for Finance Procedure Rules

These appendices set out the limits to be used in conjunction with the *Financial Procedure Rules*

### Bank Mandate

Approval of cheque payments – Up to £5,000 one signature required  
Above £5,000 two signatures required

Setting up of Direct Debit payments – 2 signatures required

### General Ledger Expense Approval Limits

Head of Department – up to £5,000  
Director – Above £5,000

### Customer Write off Limits

Credit Controller – up to £10  
Accounts Receivable Team Leader – up to £100  
Operations Manager – Finance – up to £500  
Head of Finance – up to £5,000  
Director – above £5,000

### Customer Credit Limit Approval Limits

Automatic default credit limits are granted to customers based on their Experian credit score as per the below.

Experian Score	Credit Limit
Very Low Risk	£2,000
Low Risk	£1,000
Below Average Risk	£500
Above Average Risk	£250

However, these credit limits can be overridden and increased in line with customer and commercial requirements within the below limits, all additional credit is subject to further due diligence and financial checks.

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Accounts Receivable Assistant – up to £5,000  
 Accounts Receivable Team Leader – up to £12,500  
 Operations Manager – Finance – up to £25,000  
 Head of Finance – up to £50,000  
 Director – above £50,000

**Inventory Write off Limits**

Asset and Inventory Officer – stocktake plans up to £1,000  
 Asset and Inventory Manager – stocktake plans up to £10,000  
 Logistics Performance Manager – stocktake plans up to £20,000  
 Director – stocktake plans above £20,000

**Asset Disposal Write of Limits**

Head of Finance – net book value up to £5,000  
 Director – net book value above £5,000

**Payroll Approval Limits**

Head of HR / Head of Finance are responsible for reviewing and approving the monthly payroll file prepared by WMDC.

No approval limit is in place, but the net pay amount is checked against the latest budget and forecast information.

Controls are also in place with Barclays Bank to ensure combined monthly payroll payments do not exceed £2.5m, anything above this is, is flagged, by Barclays, to the Head of Finance.

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