



Financial Regulations
As amended and adopted by LLDC Board April 2012

1. Introduction

1.1 The London Legacy Development Corporation (“LLDC” or “the Corporation”) was established on 9 March 2012 under the Localism Act 2011 (“the Act”) as a result of the designation of a Mayoral development area (“MDA”) under the Act comprising:

- The core Olympic Park, comprising land owned by OPLC and the Lee Valley Regional Park Authority, including Eton Manor
- The Olympic Village and associated development sites owned by the Olympic Delivery Authority and London & Continental Railways Ltd
- The Stratford City development site, including the Westfield Shopping Centre and Chobham Farm
- Hackney Wick and Fish Island
- Bromley-by-Bow North (with a southern boundary at the District Line)
- Pudding Mill Lane and Sugarhouse Lane
- Three Mills and Mill Meads
- Carpenters Estate

1.2 The object of the Corporation is to secure the regeneration of its area and the Corporation has the functions allocated to it by the Act and the decisions of the Mayor. It will become the local planning authority for the MDA on 1 October 2012. In establishing the Corporation the Mayor has identified the following particular purpose:

“To promote and deliver physical, social, economic and environmental regeneration in the Olympic Park and surrounding area, in particular by maximising the legacy of the Olympic and Paralympic Games, by securing high-quality sustainable development and investment, ensuring the long-term success of the facilities and assets within its direct control and supporting and promoting the aim of convergence.”

1.3 In fulfilling its object and purpose the Corporation will manage its financial resources in order to achieve its object and fulfil its purpose. The Corporation has a duty under section 127 of the Greater London Authority Act 1999 to make arrangements for the proper administration of its financial affairs and to secure that one of its officers (its chief finance officer) has responsibility for the administration of those affairs. These financial regulations have been approved in the discharge of that duty and the Corporation has made the Executive Director of Finance and Corporate Services responsible to the Board for the proper administration of the Corporation’s financial affairs.

1.4 The Corporation’s financial systems and controls will cover the purchase of the works, goods and services that are required to enable project delivery, provide corporate services and manage the premises that it occupies.

1.5 In these regulations references to the Board are to the members of the Corporation meeting as such.

Purpose and Scope

1.8 This document sets out the Financial Regulations (“the Regulations”) that provide the framework for managing the Corporation’s financial affairs and will establish its financial reporting processes, its accounting systems and procedures and the principles and fundamental values that underlie these. These Regulations will be reviewed from time to time, to ensure that they remain up to date and consistent with relevant legislation and that they continue to align with the object and purpose of the Corporation and its statutory framework.

Financial Policy

1.10 The Corporation’s overall financial policy is:

1.10.1 to buy the goods, services and works that it needs through fair and open and, normally, competitive processes that maximise value for public money and encompass measures to guard against fraud and corruption;

1.10.2 to account for its income and expenditure efficiently and in a timely manner to enable the up-to-date financial position of the Corporation to be established at any one time in a straightforward manner, thereby enabling effective management decision making; and

1.10.3 to put in place appropriate systems, processes and control procedures to safeguard the assets of the Corporation.

2. Financial management

Financial control framework

2.1 The Financial Control Framework of the Corporation comprises:

- these Financial Regulations;
- the Finance Manual which sets out the day to day financial systems, policies and procedures of the Corporation;
- the financial strategy of the Corporation as set out in the annual budget and Business Plan.

Executive Director of Finance and Corporate Services

2.2 The Executive Director of Finance and Corporate Services is responsible to the Board for the proper administration of the Corporation’s financial affairs. In discharging that duty he is responsible for;

2.5.1 setting and monitoring compliance with financial management standards;

2.5.2 advising on the corporate financial position and on the key financial controls necessary to ensure sound financial management within the Corporation;

- 2.5.3 selecting the Corporation's accounting policies, including any changes to those policies, and ensuring that they are applied accurately and consistently;
- 2.5.4 providing accurate and timely financial information;
- 2.5.5 ensuring that the annual financial statements comply with applicable law, financial reporting standards and statements of recommended practice;
- 2.5.6 preparing the budget in accordance with any guidelines set out by the Board and the Mayor's budget guidance;
- 2.5.7 treasury management;
- 2.5.8 internal audit subject to any directions of the Audit Committee;
- 2.5.9 anti-fraud policies and procedures; and
- 2.5.10 risk management.

2.10 The Executive Director of Finance and Corporate Services (or any other suitably qualified person designated as Chief Finance Officer) has a duty under the Local Government Finance Act 1988 as applied to the Corporation to report to the Board if the Board, a committee or officer or employee:

- a) has or is about to make a decision involving unlawful expenditure;
- b) has taken or is about to take a course of action which if pursued would be unlawful and likely to cause a loss or deficiency on the part of the Corporation;
- c) is about to enter an item of account which is unlawful;
- d) if it appears to him the expenditure incurred including proposed expenditure in a financial year is likely to exceed the resources available including borrowings to meet that expenditure.

Other Directors

2.11 Other Executive Directors and Directors are responsible for ensuring they spend within their allocated budgets and manage these budgets efficiently. They should ensure that the Executive Director of Finance and Corporate Services and the Chief Executive are advised of the financial implications of all proposals from their Departments, and are alerted on a timely basis about potential budget overspends.

Budgeting

2.12 The Executive Director of Finance and Corporate Services is responsible for ensuring that a budget is prepared on an annual basis, for the approval of the Chief Executive, in accordance with the requirements of the Mayor's budget guidance. The budget will also be submitted for consideration by the Board by the Chief Executive, and approved before the financial year in question. Each Executive Director, and other Directors holding their own budgets, will be expected to agree these with the Executive Director of Finance and Corporate Services and the Chief Executive before submission to the Board.

2.13 The Executive Director of Finance and Corporate Services is responsible for the financial management processes enabling the budget to be monitored effectively. The Executive Director of Finance and Corporate Services is responsible for developing and maintaining a resource allocation process that ensures due consideration of the Corporation's policy framework.

Reserves

2.14 It is the responsibility of the Executive Director of Finance and Corporate Services to advise the Board on prudent levels of balances and reserves to enable the Corporation to operate effectively.

3. Banking arrangements

3.1 The Executive Director of Finance and Corporate Services will make arrangements for the opening of bank accounts for the Corporation in accordance with provisions agreed by the Board. All bank account balances should be reconciled monthly with the Corporation's cash book.

3.2 All bank accounts will include the name of the Corporation. In no circumstances will an account be opened in the name of an individual. The Executive Director of Finance and Corporate Services will ensure that copies of specimen signatures to all bank mandates are maintained by the Finance Department.

3.3 Cheques will be ordered from the bank only on the authority of the Executive Director of Finance and Corporate Services who will be responsible for the safe-keeping of all cheques and banking stationery. BACS payments will only be made with the specific authorisation of the Executive Director of Finance and Corporate Services or on the basis of a scheme of delegation approved in writing by the Executive Director of Finance and Corporate Services.

3.4 Cheques and all other instruments directing payment from a Corporation bank account will be signed in accordance with the mandates approved from time to time by the Board.

3.5 The Corporation may not enter into any borrowing or overdraft arrangements without the authority of the Board and the GLA to do so.

4. Risk management

4.1 The Corporation is committed to establishing an effective risk management framework and culture to enable management at all levels to deliver their objectives in the light of those risks. The Executive Director of Finance and Corporate Services is responsible to the Chief Executive for ensuring that appropriate corporate risk management arrangements exist across the Corporation. A risk register should be maintained by the Executive Director of Finance and Corporate Services detailing the risks that have been identified, assessing their likely and potential impact on the Corporation and an analysis of actions that are being taken to mitigate those risks.

- 4.2 Executive Directors should ensure that risk assessments are conducted across their departments followed by appropriate work to ensure that identified risks are properly managed.
- 4.3 The Executive Director of Finance and Corporate Services should ensure that appropriate levels of insurance cover are maintained by the Corporation.

5. Internal control

- 5.1 The Executive Director of Finance and Corporate Services is responsible for advising on and establishing effective systems and procedures for internal control. These arrangements need to ensure compliance with all applicable statutes and regulations and other relevant statements of best practice.
- 5.2 The Board will appoint an independent Internal Auditor to perform such audit work as the Audit Committee may deem appropriate.
- 5.3 The Board (if it so chooses, through the Audit Committee) may direct the work of the Internal Auditor and will require an annual review of the effectiveness of the systems of internal control. The Executive Director of Finance and Corporate Services will ensure that the Internal and External Auditors have access at all reasonable times to all assets, books of account and other documentation that they may need in order to do their work.
- 5.4 The Corporation is committed to tackling fraud and other avoidable losses as well as ensuring that all its funds are used legitimately. The Executive Director of Finance and Corporate Services is responsible for the development and maintenance of an anti-fraud and corruption policy and applying that policy across the Corporation.

6. Asset register

- 6.1 The Executive Director of Finance and Corporate Services will ensure that an asset register of all Corporation fixed assets is maintained on a timely basis. All Executive Directors will ensure that Corporation assets are properly maintained and securely held. They should also ensure that there are in place appropriate contingency plans for the security of assets and continuity of service in the event of a disaster or system failure.
- 6.2 The Chief Executive, supported by the Executive Director of Finance and Corporate Services, is responsible for ensuring that all disposals of Corporation assets realise value for money.

7. Purchasing and Contract Management

- 7.1 Contracts and grant agreements will only be signed or otherwise executed by the Chief Executive and Executive Director of Finance and Corporate Services, with advice from General Counsel.

- 7.2 The Chief Executive and Executive Director of Finance and Corporate Services may appoint in writing such employees of the Corporation as they think fit either generally or in specific cases to sign documents, notices, letters or other communications required to discharge the business of the Corporation.
- 7.3 Orders for goods and services shall be made in writing in a form specified from time to time by the Executive Director of Finance and Corporate Services and shall be in accordance with the requirements of the Corporation's Procurement Policy. All authorising officers under the Procurement Policy will ensure that the estimated cost of the order is covered by budget provision.
- 7.4 Purchase orders, which shall clearly indicate the nature and quantity of the goods and services to be supplied and contain an estimate of the sum involved, will be raised for the purchase of all goods and services, except as expressly agreed by the Executive Director of Finance and Corporate Services.
- 7.5 Where contracts are administered on behalf of the Corporation, the relevant Executive Director should ensure that those persons responsible for such administration comply with these Regulations as if they were officers of the Corporation.

8. Treasury management

- 8.1 The Board is responsible for approving the treasury management policy statement and it has delegated to the Executive Director of Finance and Corporate Services responsibility for implementing and monitoring the statement.

9. Taxation

- 9.1 The Executive Director of Finance and Corporate Services is responsible for advising the Board, or seeking external advice where necessary, on all issues that affect the taxation position of the Corporation. The Executive Director of Finance and Corporate Services will seek to optimise the tax-efficiency of the Corporation's operations and will be responsible for maintaining the Corporation's taxation records, making all tax payments, receiving tax credits and submitting tax returns by their due date.

10. Imprest accounts

- 10.1 The Executive Director of Finance and Corporate Services will ensure that the Corporation operates imprest accounts, as appropriate, for the purposes of defraying petty cash and other expenses. These accounts will be maintained in the manner prescribed by the Executive Director of Finance and Corporate Services.
- 10.2 No income received by the Corporation may be paid into an imprest account but must be paid into a Corporation bank account. Imprest accounts should

not be used for cashing personal cheques and should not be used for travel and subsistence claims due to the potential tax implications of so doing.