YORKSHIRE DALES
National Park Authority

FINANCIAL REGULATIONS

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Preamble

These Financial Regulations apply to all activities of the Yorkshire Dales National Park Authority. Each officer of the Authority is responsible for ensuring that the Regulations are followed in carrying out their duties. Failure to do so may lead to disciplinary action.

1. Background

1.1 Introduction

These Regulations form an integral part of the procedural and control framework by which Members and officers ensure that the best standards of financial management and administration are applied in the discharge of the Authority's statutory duties. These Regulations will be kept under periodic review to ensure that they remain appropriate (at least every five years; or whenever there are significant operational or legal changes). Revisions will be approved by Finance & Resources Committee (see Scheme of Delegations). The Head of Finance is authorised to make minor amendments to the Financial Regulations to reflect legislative changes or to remove any inconsistency or ambiguity.

1.2 Hierarchical Framework of Regulations

The hierarchical framework for these Regulations is: -

Grant Funding Agreement
Issued by the Department of the Environment, Food and Rural Affairs (DEFRA).

Scheme of Delegation to Committees and Officers
Approved by the National Park Authority

Financial Regulations
Approved by Finance & Resources Committee on behalf of the National Park Authority.

Financial Instructions
Issued from time to time by the Chief Executive (National Park Officer) and S151 Officer.

Finance Handbook
Prepared and maintained as required by the Finance Section in consultation with the S151 Officer.

1.3 The Grant Funding Agreement

The Grant Funding Agreement sets out Defra's requirements concerning the controls, means of accounting for, and audit procedure relating to the payment of the National Park Grant by DEFRA to the National Park Authority.

1.4 Financial Instructions

Financial Instructions are issued as and when necessary to address specific issues of financial administration. They derive their authority from these Regulations.

1.5 Finance Handbook

The Finance Handbook provides a comprehensive working reference document for staff, detailing systems and procedures relating to all financial matters including the use of the accounting system.

1.6 Advice

Finance Section staff, including any Accountants contracted in to the Authority, will provide advice and assistance to any officer requiring it.

1.7 Abbreviations

The following abbreviations and terms are used:

'Authority' or 'NPA': the Yorkshire Dales National Park Authority.
'CEO': the Chief Executive Officer (National Park Officer; NPO).
'Chair' and 'Deputy Chair': the holders of those positions on the Yorkshire Dales National Park Authority.
'DCS': Director of Corporate Services
'Defra': Department of the Environment, Food and Rural Affairs.
'DS': Delegation Scheme
'NPG': National Park Grant from DEFRA.
'S151 Officer': the officer designated by the Authority under Section 151 of the Local Government Act 1972 as responsible for the administration of its financial affairs.

2. Responsibilities

2.1 Introduction

These Financial Regulations have the intention of enabling the delegation of financial responsibility to the lowest appropriate level of management within the Authority. They also set out the working arrangements by which the Authority gives effect to its statutory financial responsibilities. In particular, they define the role and responsibilities of any person designated as a Budget Holder.

2.2 Framework

2.2.1 The statutory accounting framework for National Park Authorities is established by the Accounts and Audit (England) Regulations 2015, by sections 41 and 42 of the Local Government and Housing Act 1989 and, for the audit of accounts, by Part II of the Audit Commission Act 1998. NPAs must present their accounts in line with other local authorities; this includes complying with the CIPFA Service Reporting Code of Practice for Local Authorities (SeRCOP) and the Statement of Recommended Accounting Practice (SORP) 'Code of Practice in Local Government Accounting in the UK'. NPAs must also produce an Annual Governance Statement in support of their statutory accounts.

2.2.2 Each Budget Holder shall be responsible for the observance of these Financial Regulations within their Directorate and for ensuring that staff under their supervision understand and comply with these Regulations.

2.2.3 Where appropriate, reports to the Authority or any of its Committees must contain a financial statement or appraisal setting out the full financial implications arising from any proposal contained within that report. The financial statement or appraisal must be agreed with the S151 Officer or their nominee in advance of the relevant meeting.

2.2.4 The nature and format of all accounting procedures and financial records shall be determined by the S151 Officer.

2.3 Responsibilities of the S151 Officer

2.3.1 In accordance with section 151 of the Local Government Act 1972 (applied by paragraph 13(6) of schedule 7 of the Environment Act 1995) the Authority is required to appoint an officer to be responsible for the proper administration of its financial affairs (the Section 151 Officer, or Treasurer).

2.3.2 The S151 Officer is responsible for ensuring that the internal financial procedures and controls of the NPA are sufficient to provide for the proper administration of its financial affairs, including appropriate safeguards against fraud and theft.

2.3.3 The Authority is required to appoint a nominated Money Laundering Officer (see Regulation 21) and that officer is the S151 Officer.

2.4 Budget Holders

2.4.1 Directors will be the Budget Holders for those items of the expenditure and income arising from the agreed work programme for their Directorates.

2.4.2 Day to day management of specific budgets may be delegated by Budget Holders to Budget Managers.

2.4.3 All Budget Holders are individually responsible for the proper financial management of resources allocated to them through the budget-making process and for the identification of income arising from activities within their areas of responsibility. These resources include the management of staff and the security, custody and management of assets (including plant, equipment, buildings, materials, inventories, cash and stores).

2.4.4 Each Budget Holder shall ensure that officers under their charge comply with the requirements contained in these Financial Regulations and any related Financial Instructions.

2.4.5 Budget Holders have a general responsibility to be aware of transactions which could permit money-laundering activities (see Regulation 21).

3. The Budget

3.1 Introduction

3.1.1 The Budget sets out the financial plans to support delivery of the Authority's current and future programmes and activities, laid out in the format prescribed by the Grant Funding

Agreement. The Budget is the basis for monitoring the financial performance of the Authority and the impact of policy.

3.1.2 Whilst the Finance & Resources Committee has the authority to approve in-year virements and other variations to the budget, the annual 'start' budget will be approved by the full Authority.

3.2 Expenditure against the Budget

3.2.1 Expenditure may be incurred within the Budget approved by the Authority in pursuance of the aims for which the Budget has been established, subject to any overriding requirements of the Authority.

3.2.2 If any proposed change in policy is likely to affect the Budget, the accompanying Authority/ Committee report shall set out clearly the full financial implications.

3.3 Monitoring of the Budget

3.3.1 Throughout the financial year each Budget Holder and Budget Manager shall monitor income and expenditure against those budgets for which they are responsible. Where an officer orders goods or services which are to be charged against a budget(s) for which they are not the Budget Manager, they will be required to gain the consent of the appropriate Budget Manager before committing any expenditure against that budget. This consent should be documented by the officer ordering such goods or services.

3.3.2 The Head of Finance shall provide financial advice to assist Budget Holders and Budget Managers to fulfil their responsibilities, consulting the CEO in circumstances where it appears that significant variations to the approved budget will occur.

3.3.3 Budget Holders and Budget Managers shall supply the Head of Finance with sufficient information, as and when required, to enable accurate budget profiling and/or financial projections to be undertaken.

3.3.4 Budget Monitoring Reports shall be presented to the Senior Management Team and to the Finance & Resources Committee. The Financial Information (Accounting) System provides live information for day-to-day management.

3.3.5 The S151 Officer shall attend, if appropriate, the meetings of the Finance & Resources Committee, as well as any key budget review meetings of the Senior Management Team. They will be entitled to request and receive details relating to any aspect of the Budget at any time in the year.

3.3.6 If it appears that net expenditure will be in excess of the approved Budget and that excess cannot be financed by virement (see below) the CEO shall, at the earliest opportunity, and following consultation with the S151 Officer, report the matter to the Authority. If net expenditure in excess of the approved Budget is incurred due to an emergency, this expenditure must be reported to the Finance & Resources Committee as soon as possible.

3.4 Virement

3.4.1 Virement is the transfer of budget provision between individual budget headings. It is a necessary facility to assist the effective management of budgets. When the Authority sets its overall Budget for a given financial year it will approve a series of specific programme budgets.

3.4.2 Virements must be contained within the overall totals of the Budget approved by the Authority.

3.4.3 The CEO shall ensure that virement is undertaken as necessary.

3.4.4 Where the CEO believes that the provision within any budget is not wholly required, they will in the first instance consider the virement of sums not required into the Opportunities Fund budget, where such a budget has been agreed for that financial year.

3.4.5 Virements not exceeding £20,000 between approved budgets may be approved by the CEO or by the DCS.

3.4.6 Virements exceeding £20,000 but less than £40,000 between approved budgets may be approved, following consultation with the S151 Officer by the CEO.

3.4.7 Virements exceeding £40,000 between approved budgets shall be subject to approval by the Finance & Resources Committee.

3.4.8 The CEO or the DCS may approve any virement where the additional expenditure is directly related to, and fully offset by, fees, income or other contributions from another organisation or individual. This applies equally to projects for which grant funding (outwith the NPG) has been obtained.

3.4.9 Income received in excess of the budgeted amount may be spent by virement between income and expenditure budgets in accordance with the arrangements specified in Regulations 3.4.4 to 3.4.8.

3.4.10 Virements executed under delegated powers shall be reported to the next meeting of the Finance & Resources Committee. The prior approval of the Finance & Resources Committee or the Authority, as appropriate, shall be required if the proposed virement includes one or more of the following:

(i) a change in policy;
(ii) an addition to recurring commitments in future financial years, where such a commitment exceeds £10,000;
(iii) where the resources to be transferred were originally approved for financing charges derived from capital expenditure;
(iv) if required by the S151 Officer.

3.4.11 No expenditure which is subject to grant aid or support from the Government or other external funding organisation shall, without specific prior approval of the Finance & Resources Committee, be incurred until written assurance is received that such funding is forthcoming.

3.4.12 No expenditure which requires the approval of a Government Department shall be incurred until approval has been received or a written assurance that such approval will be given in due course.

3.5 Accepting Grants from External Bodies

3.5.1 Under the Authority's Scheme of Delegation, Directors are authorised to sign grant claim forms and acceptance forms in relation to any project or matter which is itself authorised by

the Authority or under delegated powers. Directors may in turn delegate the signing of such documentation to the relevant officer.

3.5.2 Where a Director delegates the authority for signing a grant agreement to another officer, that decision should be recorded.

4. Outturn

4.1 Reporting

The CEO and DCS shall report to the Finance & Resources Committee on the outturn of income and expenditure, as soon as practicable after the end of the financial year.

4.2 Grant Claim Forms

The CEO and DCS shall have overall responsibility for the completion and submission of any claim forms to the relevant organisation and, if necessary, to the External Auditor, in accordance with any guidelines applicable to the claim in question. In practice, completion and authorisation will in most cases be delegated to the Director responsible for the project or programme concerned, or delegated by them to the appropriate project officer.

5. Procurement of goods and services

5.1 Procedures

Goods and services may only be procured where there is approved budgetary provision to cover the costs. Officers will at all times seek best value for money. All contracts for goods and services are subject to the provisions of the Freedom of Information Act 2000 and the Local Government Transparency Code 2014. The Public Contracts Regulations 2015 provide rules for the procurement of goods and services above certain financial thresholds.

5.1.2 Decisions on purchasing may consider the environmental impact of purchasing. Where consideration of environmental impact in making a purchasing or contracting decision would result in an item costing 10% more than if another otherwise similar item was purchased, or more than £1,000 above the cost of an otherwise similar product, (whichever is the greater), then the procedure in Regulation 5.3.5 is to be followed. In any case, if a decision is made to accept a higher quote or tender than would otherwise be the case, a written decision to this effect must be retained.

5.1.3 Any breaches (actual or suspected) in the following procurement regulations should be reported to the DCS, who will cause them to be investigated and will maintain a log of such instances to be reported to the Senior Management Team for their review on an annual basis. Real or potential breaches will be reviewed by the Monitoring Officer, to establish whether any action (such as training or changes to procedures) is required, and will also be reported to the Audit & Review Committee.

5.1.4 All orders must be raised through the authorised electronic accounting software before committing to the purchase. Officers need to be aware that issuing such an order leads to

the Authority being legally committed to the purchase, provided the goods and services are received.

5.1.5 Orders may only be authorised by Budget Managers or by Directors, depending on the value of the order. Budget Managers can authorise orders up to a maximum value of £10,000 without the prior agreement of their Director. Orders with a maximum value of greater than £10,000 must be agreed with the relevant Director prior to being placed, and will also be authorised by the Director.

5.1.6 By receipting the goods and services in the electronic payment system, the YDNPA Officer is confirming receipt and committing the Authority to pay for the same.

5.1.7 With the exception of the items referred to in Regulation 5.2 the following procedures shall be adhered to for the procurement of all goods and services:

(i) for all items between £10,000 and £50,000 written price quotations shall be obtained.

(ii) all items exceeding £50,000 shall be obtained by tender.

(iii) for all items up to £25,000 an official order electronically approved by the CEO, or an officer approved by the CEO, shall be issued. (See order procedure described above.)

(iv) for all items exceeding £25,000 a written contract with the supplier must be entered into (see Regulation 6 for detailed procedures), which is likely to use the Authority's standard terms and conditions. However, for some items (including the purchase of certain plant or equipment) the terms of the contract are likely to be of a routine nature and supplied by the contractor; the officer responsible for entering into such a contract will ensure that the terms are appropriate and will meet the Authority's requirements. The contract should be in place before goods are supplied or before works or the provision of services commences.

(v) in certain instances, (for example, delivery of projects funded by certain grant agencies) separate quotation and tendering limits may operate which must be followed.

(vi) Officers are required to ensure that the financial limits set out above are not breached through the cumulative effect of a number of small contracts being awarded (or variations being made) to the same contractor for the same programme or project. This does not restrict such considerations to any one financial year, but over the entire term of the contract, including any extensions. Where the contract value is indefinite or uncertain, the estimated value shall be calculated on the basis that the contract will be for a period of four years.

(vii) The Public Contracts Regulations 2015 apply to any contracts for goods or services exceeding £214,904 inclusive of VAT (the current financial threshold from January 2024): *over the total contract period*. The threshold is subject to change every two years. Advice regarding the regulated procurement process should be sought from the DCS. Higher financial thresholds apply to works and utilities contracts.

5.1.8 It is illegal to benefit personally by accepting personal inducements from purchases made on the Authority's behalf. Refer to the guidance on Gifts and Hospitality. Officers are permitted to access the internet in their own time to make occasional personal online

purchases using an officer's personal e-mail account, e.g. Gmail, and should not make use of the Authority's e-mail accounts and addresses.

5.2 Exceptions to Procurement Procedures

5.2.1 In the following circumstances quotations or tenders will NOT be required:

(i) purchases through the Yorkshire Purchasing Organisation;
(ii) purchases through a Government contract, or contract of a contributing Local Authority which has been negotiated in accordance with that organisation's own Standing Orders. This includes participation in 'framework' agreements covering goods and services, provided that their terms permit the Authority to take advantage of them.
(iii) purchases at public auction;
(iv) purchases of goods or services of a special nature that can only be obtained within the required timescale from one supplier;
(v) if the CEO after consultation with the Chair of Finance & Resources Committee (or Deputy Chair in their absence) considers that the work is of an emergency nature required to preserve the Authority's assets or to enable the Service to be maintained. In such circumstances the action taken will be reported to the Finance & Resources Committee;
(vi) purchase of goods or services from a supplier jointly agreed by National Parks UK (NPUK) or by National Parks England (NPE);
(vii) the instruction of Counsel by the Solicitor to the Authority, the barrister to be chosen in the light of known professional skills, relevant experience and likely charges.

5.2.2 A single quotation may be sought, subject to such action being reported to the Finance & Resources Committee, in any case where the CEO and the DCS agree that:

(i) Market conditions make genuine competition impossible; or
(ii) The proposed contractor is on site, there is financial benefit in negotiating an extension for further work, and the cost of the further work does not exceed 10% of the value of the original work or £10,000, whichever is the greater; or
(iii) Significant and demonstrable benefits in service or value for money are likely to be obtainable; or
(iv) The expenditure is to be wholly reimbursed by a third party that is in agreement.

5.2.3 For the following items, an order will NOT be issued;

(i) items purchased using a government procurement card;
(ii) rates and utilities;
(iii) petty cash purchases;
(iv) any other items agreed by the CEO or DCS.

5.3 Quotation Procedures

5.3.1 For those items for which quotations are required a minimum of three written quotations should be obtained. Every invitation to quote should state that quotations made on paper (hard copy) will only be accepted if they are submitted in a sealed envelope bearing the word 'quotation' followed by the subject to which it relates. Quotations can also be requested and submitted electronically. Electronic quotes should be submitted to the DCS

at procurement@yorkshiredales.org.uk attached to an email headed “Quotation: [name of work]”.Emails should remain unopened until the time stated for all quotes to be opened. Any officer intending to solicit quotes should first inform the DCS that they intend to run such a process, and should provide the date for opening such quotes and the name of the project concerned.

5.3.2 In certain circumstances (for example, when obtaining goods that are routinely sold via price lists), the sealed quote / electronic quote process may be bypassed, by obtaining prices from a minimum of three suppliers. If a Budget Holder or Budget Manager thinks that this mechanism may be appropriate in relation to their work, they should consult the S151 Officer to confirm applicability before proceeding.

5.3.3 In circumstances where three quotations have not been obtained, and the S151 Officer is satisfied that proper steps have been taken to seek to secure at least three quotations, they may authorise the normal quotation process to continue.

5.3.4 The quotations shall be opened at the same time by either the DCS or S151 Officer. A permanent record of the quotations received and contract awarded will be maintained.

5.3.5 If the lowest quotation for expenditure (or the highest quotation for income) is not recommended for acceptance, the S151 Officer shall report this to the next meeting of the Finance & Resources Committee.

5.3.6 Where the contract opportunity is also advertised in another way, for example, on the Authority website, in a trade publication or newspaper, Contracts Finder must be used to publish the contract opportunity where the contract value is £30,000 and above inclusive of VAT. Details of the contract award should also be published on Contracts Finder.

5.4 Tender Procedures

5.4.1 Regulation 5.1.7 (ii) sets out the circumstances in which tenders need to be sought, although there are some exceptions, as set out in Regulation 5.2. Regulations 5.4.1 to 5.4.11 set out normal tender procedures, and Regulation 5.4.12 sets out certain exceptions to these procedures. Subject to those exceptions, the tender procedure is to be begun by a notice being published on Contracts Finder first and then, as appropriate, on the Authority’s website, in newspaper(s) which circulates in the Authority’s area, and/or in relevant technical journals, and/or on appropriate websites, setting out brief details of the contract which the Authority wishes to let.

5.4.2 Where required by law (see 5.1.7 (vii), specifically for contracts with a value a value in excess of £214,904 or works contracts with a value in excess of £5,372,609, inclusive of VAT (regulated procurement), notice must be published on Find a Tender Service (FTS), the UK’s e-notification service. In such cases, any publication on Contracts Finder or in local / trade journal / internet advertisements must not appear before the FTS notice. Officers undertaking a regulated procurement must consult the DCS for advice regarding the appropriate procedure to be followed.

5.4.3 Every invitation to tender shall state that:

(i) all tenders submitted in the form of hard copy must be in a sealed envelope, which shall bear the word “Tender” followed by the subject to which it relates, but shall not bear any indication of the identity of the tenderer; and

(ii) tenders may be submitted electronically (which must be done in line with the procedure described in paragraph 5.3.1).

5.4.4 All tenders received in hard copy must remain in their unopened envelopes in the custody of the DCS until the time stated for all tenders to be opened. All tenders received electronically should be sent to the DCS at procurement@yorkshiredales.org.uk attached to an email headed "Tender: [name of work]". Emails should remain unopened until the time stated for all tenders to be opened.

5.4.5 All tenders shall be examined to determine which of them offers the lowest price to the Authority (or the highest price, if payment is to be received by the Authority). However, the contract will not necessarily be awarded based on the most favourable financial opportunity (see 5.4.11).

5.4.6 At the time for opening of all tenders, all tenders received in hard copy shall be opened by the DCS in the presence of a third officer, and the DCS shall maintain a record of all tenders. Tenders received electronically shall be opened by opening the email.

5.4.7 Any tenders not received on time shall be returned to the tenderer by the DCS, unless the DCS is satisfied that there is adequate evidence of posting in time for delivery by the due date in the normal course of postal delivery, and the other tenders have not been opened. Tenders which are to be returned may be opened to ascertain the identity and address of the tenderer, but no details of the tender shall be disclosed.

5.4.8 Persons tendering may only submit a revised offer when invited to do so following post-tender negotiation. Post-tender negotiation may only take place where permitted by law and where the DCS, after consultation with the S151 Officer, considers that added financial or other benefits may be obtained. Post-tender negotiations may only be conducted by officers approved by the DCS and the S151 Officer.

5.4.9 No tender shall be accepted unless at least three persons have tendered for the contract, or the agreement of the CEO, after consultation with the Chair or Deputy Chair of the Finance & Resources Committee, is first obtained.

5.4.10 The approval of the Authority shall be required prior to the approval of any tender the price of which would exceed the available budget provision by 10% or £10,000, whichever is the greater.

5.4.11 The tender to be accepted will be that which best meets the Authority's requirements, as set out in tender documents issued by the Authority and judged according to an evaluation model included in such documents; or, if no such evaluation model has been included, the tender which offers the lowest price to the Authority (or the highest price, if payment is to be received by the Authority), unless the CEO considers this inappropriate, in which case the matter shall be referred by a report from the CEO to the Finance & Resources Committee. The Committee shall then consider the matter and decide which tender should be accepted, and a note of its decision and reasoning shall be included in the minutes of the meeting.

5.4.12 Exceptions to usual tender procedures are as follows:

(i) Where the CEO and the DCS agree that it is inadvisable or inexpedient to advertise, and where legal requirements allow, tenders may be invited from not less than three persons capable of fulfilling the contract, subject to such action being reported to the Finance & Resources Committee;

(ii) Where tender procedures are initiated by use of the Pan-Government or a Local Government Framework (and any similar devices), in which case the procedures of such a framework will be followed.

(iii) A single tender may be sought, subject to such action being reported to the Finance & Resources Committee, in any case where the CEO and the DCS agree that:

- Market conditions make genuine competition impossible; or
- The proposed contractor is on site, there is financial benefit in negotiating an extension for further work, and the cost of the further work does not exceed 10% of the value of the original work or £10,000, whichever is the greater; or
- Significant and demonstrable benefits in service or value for money are likely to be obtainable; or
- The expenditure is to be wholly reimbursed by a third party that is in agreement.

6. Contract procedures

6.1 Contract Requirements

6.1.1 For all items over £25,000 a contract in writing is required; but note (5.1.7 (iv)). Such a contract should be signed on behalf of the Authority by an authorised representative either by a handwritten signature or an Electronic Signature, as appropriate and shall include details regarding:

(i) the work to be done;
(ii) the price to be paid, with a statement of discounts or other deductions;
(iii) the period within which the contract is to be performed;
(iv) liquidated damages on contracts that exceed £50,000 for all building works to be paid by the contractor where they fail to complete the contract on time;
(v) a performance bond must be required for every contract exceeding £400,000 except where the CEO considers it unnecessary, after consultation with the S151 Officer;
(vi) recompense where the contractor fails to deliver goods or services specified in the contract for the Authority, to make good the default or replace the purchase from another contractor and recover the cost from the contractor;
(vii) insurance cover to the limit specified by the DCS for public liability purposes;
(viii) the entitlement of the Authority to cancel the contract, and to recover any consequent costs from the contractor, should the contractor have offered any gift or consideration of any kind as an inducement or disincentive for doing anything in respect of the contract or any other contract with the Authority, or having committed an offence under the Bribery Act 2010;

6.1.2 It is a mandatory requirement in appropriate contracts that the Contractor complies with all obligations under health and safety legislation and Construction Design and Management (CDM) regulations, maintains a health and safety policy, and supplies details of risk assessments and method statements where this is appropriate in the context of the contract.

6.1.3 The Construction, Design and Management (CDM) Regulations stipulate that **any** practical work undertaken, no matter how small, needs a pre-construction phase checklist carried out. It should be explicit in the specification and/or contract documentation that the contractor is taking on the CDM role; without this, the officer issuing the contract will have inadvertently taken on all the associated health and safety responsibilities.

6.1.4 Budget Managers are responsible for maintaining all contract documentation. Where a contract covers a service that is ongoing over a period of more than one year (and will need to be re-contracted in due course) a copy of the signed contract should be forwarded to DCS for safe keeping and audit purposes and to inform the timetable for re-contracting work.

6.1.5 For contracts above the financial threshold for regulated procurement; (see 5.1.7 (vii)), there are legal requirements that must be complied with regarding the decision on the award of the contract, the standstill period and the award of the contract. The current versions of the forms for the notice and for the written record are available at X:\Corporate\Procurement) and should be used in order to ensure compliance with the legal requirements. The DCS will provide further advice regarding this process.

7. Leasing Contracts

7.1 Granting of a Lease

7.1.1 The granting of a lease to a third party in relation to one or more of the Authority's assets shall require the approval of the Finance & Resources Committee, wherever such a lease is other than the renewal of a long-term arrangement under comparable terms and where the full value of the proposed lease, over its term, exceeds £10,000.

8. Authorisation of creditor invoices

8.1 Authorisation Rules

8.1.1 Directors or Budget Managers may authorise invoices up to a value of £10,000, through the electronic purchase order system;
8.1.2 Invoices of a value between £10,000 and £25,000 shall also be authorised for payment by a Director, through the 'ordering' process.
8.1.3 Invoices of a value greater than £25,000 shall also be authorised for payment by either the CEO or the DCS.
8.1.4 Authorisation of invoices is via secure electronic validation.

8.2 Responsibilities

8.2.1 It is the duty of the officer authorising payment to ensure that: -

(i) Each invoice has been checked against an official order where appropriate.
(ii) The invoice has not previously been passed for payment.
(iii) The goods have been received or the service rendered satisfactorily.
(iv) Appropriate entries have been made in inventories and stock records as required.

(v) The arithmetic is correct and appropriate discounts have been deducted.
(vi) Prices and charges are correct and have been checked to contracts or quotations.
(vii) If a copy invoice is received, where the supplier is claiming non-payment of the original invoice, full enquiries are made prior to passing the copy invoice for payment to ensure the account has not already been paid or is not awaiting payment in the system.
(viii) If a payment request has already been submitted for a purchase, and an invoice is subsequently received, the latter should be sent to the Finance section so that appropriate records (including VAT) can be maintained. This invoice should be clearly marked 'Paid via payment request form DD/MM/YY'.

8.3 Payment Terms

8.3.1 Officers must ensure that all invoices are paid within 30 days of receipt.

8.3.2 Where, in exceptional circumstances, a payment is likely to be made late, the officer responsible for that payment must agree that outcome with the Head of Finance or the DCS prior to delaying the payment, and inform the invoicing organisation. Exceptional circumstances could be an invoice which is incorrect; they would not include YDNPA work management issues.

9. Salaries, wages and pensions

9.1 Responsibility

9.1.1 The CEO shall be authorised to agree arrangements to pay all salaries, wages, superannuation benefits, compensation and other emoluments properly payable by the Authority.

9.2 Access to Payroll Systems

9.2.1 The CEO shall have access to payroll systems capable of ensuring that any changes in pay details etc. are properly recorded and implemented. Such changes would include:

(i) Appointments, resignations, dismissals, suspensions, secondments and transfers.
(ii) Absences from duty for sickness or other reasons apart from approved leave within normal entitlements.
(iii) Changes in remuneration such as annual increments, pay awards and promotions.
(iv) Changes in hours of work and/or duties or any other factors affecting rates of pay or total pay.
(v) All information necessary to maintain records of service, superannuation, income tax, national insurance and other statutory or non-statutory obligations concerning employment.

9.3 Records & Documents

9.3.1 All records and documents shall be in a form approved by the S151 Officer and shall be certified by or on behalf of the CEO.

9.4 Controls

9.4.1 The CEO shall ensure that proper controls are in place in the payment process to minimise the risk of fraud.

9.5 Payment Method

9.5.1 All staff will, save in exceptional circumstances, be paid by direct credit transfer into their personal bank accounts.

9.5.2 In the event of an employee receiving payment by cheque the distribution shall be in accordance with the following:

(i) Where cheques are distributed by hand to members of staff, such distribution should be made personally to the employee concerned in order that security and confidentiality can be maintained.
(ii) Where a cheque cannot be handed over personally to the employee the cheque may be posted to the employee subject to the employee's prior agreement.

9.6 Advances of Pay

9.6.1 Advances of pay outside the provisions of the normal payroll may be actioned in the following circumstances:

(i) Where an employee will be leaving the service of the Authority before the day on which remuneration would normally be paid.
(ii) Where an employee has commenced work but pay records cannot be processed in time for the pay run, and where delay until the following pay date may cause hardship.
(iii) Where there are exceptional circumstances justifying an advance to an individual employee.
(iv) To remedy an error or difficulty in processing the payroll.

9.6.2 There should be procedures to ensure that advances of pay are properly processed through the payroll, that no duplication of payment will occur and that no payment is in excess of the amount due to the employee at the time of payment.

9.6.3 A written agreement, signed by the employee, must be in place before any advance in pay is made, including the employee's agreement that the advance will be deducted from the next available pay.

9.7 Pension Arrangements

9.7.1 The CEO is authorised to agree arrangements to pay all pension benefits. However, all Authority officers are admitted to the Local Government Pension Scheme which is administered by North Yorkshire Council. It is necessary therefore that all relevant information relating to pension matters is passed promptly to the Pension Section of that Council.

10. Income

10.1 Collection of Money Due

10.1.1 The CEO shall agree with the S151 Officer the arrangements for the collection of all money due to the Authority.

10.2 Banking of Income

10.2.1 All money received on behalf of the Authority shall, as soon as practicable, be banked for the credit of the Authority's account. Income may not be used directly to offset payments due from the same source.

10.3 Fees & Charges

10.3.1 Fees and charges within the control of the Authority shall be subject to review at least annually by the Director responsible for the particular service concerned, in consultation with the CEO and S151 Officer except as provided in any specific agreements between the Authority and third parties.

10.4 Bad Debts

10.4.1 Proposals to write off individual debts exceeding £500 in value shall be agreed with the S151 Officer up to a limit of £5,000, or by the Finance & Resources Committee in excess of that amount. Bad debts of £500 or less may be written off with the authority of the CEO.

11. Banking arrangements

11.1 Bank Accounts

11.1.1 The S151 Officer is responsible for the daily management and operation of the bank accounts and should ensure that there are proper controls in the day to day running of the accounts.

11.1.2 Bank accounts shall stand in the name of Yorkshire Dales National Park Authority.

11.1.3 No bank account shall be opened until a memorandum of authorisation is jointly signed and agreed by the CEO and the S151 Officer. The memorandum shall justify the purpose and identify the name of the bank and its head office. This memorandum shall thereafter be retained on an appropriate file by the Head of Finance together with copies of the application to the bank.

11.1.4 No bank account can be closed until all liabilities have been honoured and any balances transferred to an active Authority account. Agreement to close any bank account must be obtained from the CEO and the S151 Officer.

11.2 Cheques

11.2.1 There should be safe and efficient arrangements for the control of access to blank cheques and the preparation, signing and despatch of cheques. There should also be at least a monthly reconciliation of the sales and purchase ledger with bank statements.

11.2.2 All cheques shall be signed by authorised officers, as specified on the bank mandate, with controls as to the number of signatories' dependent on the amount of the transaction (to be specified in Financial Instructions).

11.2.3 BACS transfers should be encouraged for both income and payments, with cheques being used as a last resort.

11.3 BACS

11.3.1 Access to the BACS electronic payment system is limited to staff within the Authority's Finance Section; the operation of this system is set out in the Finance Manual.

11.4 Procurement Cards

11.4.1 Procurement Cards must be used in accordance with the Guidelines for the use of Procurement Cards, to be found within the Finance Handbook; all statements must be reconciled and authorised; cards must be kept secure at all times.

12. Treasury Management

12.1 Code of Practice

12.1.1 The Authority adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice2021.

12.2 Policies & Objectives

12.2.1 The Authority will create and maintain:

(i) a **Treasury Management Policy Statement** (TMPS) stating the policies and objectives and approach to risk management of its treasury management activities;

(ii) suitable **Treasury Management Practices** (TMPs) setting out the manner in which the Authority will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

12.3 Responsibilities

12.3.1 The Authority will be responsible for the implementation and monitoring of its treasury management policies, but delegates the execution and administration of treasury management decisions to the CEO who will, under arrangements approved by the S151 Officer, act in accordance with the Authority's TMPS, associated TMPs and CIPFA's Standard of Professional Practice on Treasury Management. The CEO does not have the sole responsibility or authority in formulating a strategy for the control of the Authority's borrowing, capital expenditure or investments; this strategy should be agreed with the S151 Officer and be approved by the full Authority on an annual basis.

12.3.2 The Authority will receive reports on the Treasury Management policies, practices and activities including as a minimum, an Annual Strategy report in advance of the year, a quarterly review and an annual report after 31 March.

12.3.3 All money in the possession of the Authority shall be under the control of the CEO acting in accordance with procedures approved by the S151 Officer.

12.3.4 The Authority nominates the Audit & Review Committee to be responsible for ensuring effective scrutiny of the Treasury Management strategies and policies and the Finance & Resources Committee for the quarterly performance monitoring.

12.3.5 The CEO shall, with advice from the S151 Officer, periodically review the Treasury Management Policy Statement and associated documentation and shall make recommendations accordingly to the Authority.

12.3.6 Notwithstanding the other regulations relating to Treasury Management the specified named posts below shall carry out the following responsibilities:

- CEO: ensure that the Treasury Management System is documented and recorded; ensure that the S151 Officer reports regularly to the Authority on treasury policy, activity and performance.
- Monitoring Officer: ensure that the Treasury Management Policy Statement and any proposal to vary treasury policy or practice complies with the law, and give legal advice to the S151 Officer upon request.

12.3.7 The S151 Officer will be expected to give an opinion to the NPA and DEFRA regarding the adequacy of year-end balances, and may be asked to provide details and supporting information with regard to major commitments.

13. Assets of the Yorkshire Dales National Park Authority

13.1 Custody

13.1.1 The CEO is responsible for the custody of all buildings, equipment, stocks and stores of the Authority, and shall ensure that there is proper security of all such assets in accordance with the Authority's risk management policies, and that proper records are maintained.

13.1.2 The CEO shall maintain an asset register of all properties owned or rented by the Authority. The register should record all known details of the properties.

13.1.3 The CEO shall maintain inventories of furniture, fittings, equipment, plant and machinery owned or leased by the Authority. All such items with a purchase value of £1000 or above will be included on the balance sheet within the Authority's financial accounts; such 'capitalisation' of assets worth less than £1000 will be assessed on a case by case basis by the Finance Section.

13.2 Disposal; Charging of Assets

13.2.1 The CEO may authorise the disposal of unrequired stock or inventory items, up to a limit of estimated value of £5,000 in each case. Above that figure, disposals shall require the approval of the Finance & Resources Committee.

13.2.2 The CEO with the S151 Officer's approval shall be authorised jointly to write off stock and inventory deficiencies up to a limit of £5,000. Above that figure, approval of the Finance & Resources Committee shall be required. Write-offs involving unsaleable retail stock will be approved by Head of Visitor Services, up to a value of £2,000 in any one year.

13.2.3 The financial limits and procedures specified in these Regulations for the procurement of goods and services shall also apply to the disposal of any assets of the service.

13.2.4 All disposals of buildings and material assets shall be agreed by the Finance & Resources Committee. For this purpose, a 'material asset' should be defined as any single asset that, at the time of its proposed disposal, has an estimated disposal value exceeding £10,000. The Grant Funding Agreement requires that any disposal of assets other than land shall be at market value. Market value would, in most circumstances, be established by reference to the District Valuer.

13.2.5 No quotations or tenders for other than the highest price shall be accepted without reference to the Chairman or Deputy Chairman of the Finance & Resources Committee and to the CEO.

13.2.6 Where it is intended to dispose of land for less than market value, two conditions must be met: (1) the Authority considers it will help secure the promotion or improvement of the economic, social or environmental well-being of its area and (2) the difference ('the undervalue') between the unrestricted value of the interest to be disposed of (the market value) and of the consideration accepted is £2m or less (Local Government Act 1972: General Disposal Consent (England) 2003 and the associated Office of the Deputy Prime Minister Circular 06, 2003). The approval of the Finance & Resources Committee is required for any such disposals, which must be in line with the Authority's statutory purposes. The Grant Funding Agreement requires that any such disposals at undervalue are reported to Defra.

13.2.7 Wherever a disposal at less than best consideration reasonably available is proposed, a realistic valuation of the difference must be obtained, and a report presented containing the detailed information prescribed by the permissive legislation. The intention of the permission is to allow local authorities to carry out their statutory duties and functions, but authorities should not divest themselves of valuable public assets unless they are fully satisfied that the circumstances warrant such action. There is a presumption that any undervalue disposal represents a financial contribution to the entity acquiring the asset, and it is therefore incumbent that the Authority takes due account of its current priorities in allocating such contributions. Any such disposal also needs to take account of the legislation regarding subsidy control.

13.2.8 The Grant funding Agreement requires that any disposal of an asset (or series of assets) for which the proceeds exceed £2m should be reported to Defra, that report to provide details of how the Authority has made use of the proceeds from that disposal (or disposals).

14. Voluntary funds

14.1 Definition

14.1.1 A voluntary fund is one which, although not officially owned by the Authority, is controlled or administered either wholly or in part by employees of the Authority.

14.2 Requirements & Responsibilities

14.2.1 The S151 Officer shall be informed of the purpose and name of all voluntary funds maintained by employees in the course of their duties with the Authority.

14.2.2 There is a responsibility on the part of the Authority to protect the interests of the donors and beneficiaries, and to safeguard the position of the members of staff concerned.

14.3 Controls

14.3.1 Appropriate financial controls, as determined by the S151 Officer, shall be applied in the administration of these funds in order that all expenditure or income is properly accounted for.

14.4 Statement and Audit

14.4.1 An annual statement of the accounts for each Fund should be prepared each year. The accounts should be audited by an independent person and a copy sent to the appropriate body.

14.4.2 The S151 Officer shall be entitled to verify that the audit has been done and to carry out checks on the accounts as considered appropriate.

15. Insurance and risk management

15.1 Responsibilities

15.1.1 The DCS will advise the CEO on appropriate arrangements for insurance cover and risk management

15.1.2 The CEO shall notify the DCS of any relevant matter affecting insurance cover, including details of all new risks and any changes to existing risks as appropriate.

15.1.3 The CEO shall periodically review all insurances and risks in consultation with the DCS and seek the approval of the Authority to any changes where these relate to matters other than the continuation of the Authority's normal business.

15.1.4 Where a retro insurance arrangement (one in which there is retrospective determination of premiums according to a formula based on the cost of claims actually paid by the insurance company under the policy) is established the CEO shall inform the DCS of all transactions in order to assess the level of appropriate provision.

15.1.5 The DCS in consultation with the CEO shall be authorised to defend, settle or compromise any uninsured claims against the Authority.

15.2 Risk Assessment

15.2.1 The Authority has an active approach to risk assessment and management, and seeks to identify all risks that have a potential impact on its business and to prioritise the management of these risks. A register of risks and their potential significance is maintained by the DCS, and is reviewed annually by the Audit & Review Committee.

15.2.2 Those operations to which an unacceptable degree of risk attaches will not be pursued until such time as that risk can be managed within acceptable bounds: the Authority's policy is to manage risk, rather than become risk averse, to ensure that the business remains innovative but secure. The following considerations will be taken into account when implementing risk management approaches:

(i) the need for pragmatism: the process is not intended to eliminate risk and it is recognised that not all identified risks can be addressed immediately. Furthermore, it is possible that risks will still exist that have not been identified. What is important is a culture of continuous learning, with risk management being adapted according to lessons learned.

(ii) avoiding overly complex processes, to avoid risk management overload. The risks that are identified should make common sense and should be linked to Members' priorities and concerns. The focus should be on those risks that are significant in the context of the Authority's objectives and reputation.

(iii) ensuring that the process to be followed fits in with local circumstances and culture. Officers need to decide on practices that are appropriate to their circumstances.

16. Audit

16.1 Requirements

16.1.1 The Grant Funding Agreement requires that the Authority (i) ensures that an independent external auditor is nominated to verify the annual accounts, and (ii) maintains a record of internal financial controls and procedures. In meeting this requirement, the Authority will:

(i) send its audited accounts and the auditor's annual report to the Defra immediately such documents are available after the financial year reporting deadline.

(ii) prepare annually accounts for the main functional heads. These should be signed by the S151 Officer and submitted to the external auditor not later than 31 May following the end of the financial year;

(iii) under the Accounts and Audit Regulations, maintain an adequate and effective internal audit of the Authority, carried out in accordance with the standards and guidance issued by CIPFA;

(iv) determine its insurance requirements as part of a strategy for managing identified risks, which should be reviewed at regular intervals.

(v) The S151 Officer is responsible for ensuring that the internal financial procedures and controls are sufficient to provide for the proper administration of its financial affairs, including appropriate safeguards against fraud and theft.

16.2 Responsibilities

16.2.1 The CEO is responsible for the implementation and maintenance of all internal control procedures relating to financial systems and for achieving the economic, effective and efficient use of resources. Complementing the External Audit process, the Chairman and CEO are required to provide an Annual Governance Statement, confirming that the Authority's management arrangements (including risk management and internal control systems) will, in their view, continue to deliver effective corporate governance.

16.2.2 The S151 Officer shall ensure an adequate and effective internal audit of the activities of the Authority. The Internal Auditor or his/her representative shall have authority to enter at all times any premises or land used by the Authority and to have access to all correspondence, documents, books or other records of any officer of the Authority or the CEO and appertaining in any way to the activities of the Authority. The Internal Auditor shall be entitled to require such explanations as they consider necessary to establish the correctness of any matter under examination. The Internal Auditor shall have the authority to require any officer of the Authority including the CEO to produce cash, stores, or other Authority property under his/her control for inspection.

16.2.3 The Internal Auditor shall have regard to any relevant professional guidelines and any audit standards issued by the Auditing Practices Board of the Consultative Committee of Accountancy Bodies (or equivalent successor body).

16.2.4 The Internal Auditor shall be notified immediately by the CEO/S151 Officer of all financial irregularities or suspected irregularities, or of any circumstances which may suggest the possibility of irregularities in the exercise of any of the Authority's functions. Such communications may be oral initially but must be confirmed promptly in writing.

16.2.5 The Internal Auditor shall determine the scope of any internal enquiries or investigations, subject to consultation with the Solicitor to the Authority, the CEO and the S151 Officer.

16.2.6 The Internal Auditor and the Solicitor to the Authority, in consultation with the CEO and 151 Officer shall decide whether any matter under investigation should be referred for police investigation and take recovery action as appropriate on such matters.

16.2.7 The Internal Auditor or his/her representative shall at all times preserve the confidentiality of information received in discharging tasks under this section of these Financial Regulations.

17. Retention of financial records

17.1 Responsibility

18.1.1 The Head of Finance shall be responsible for ensuring that all financial records are retained for the required time period.

17.2 Time Periods

17.2.1 The time periods that records should be kept are as follows:

(i) Permanent - Financial Ledgers, Pension Records.
(ii) 7 Years - Payroll information including amendment sheets, timesheets and copies of P60s.
(iii) 6 Years (plus the current 'active' year) - All other financial records including VAT records, insurance files and contracts.
(iv) 20 Years - All records in connection with European Union-funded grants; other grants may, from time to time, stipulate different retention periods.
(v) 1 year: unsuccessful Quotations or Tenders for contracts

17.3 Financial Records

17.3.1 Financial records in storage must be properly and logically stored in order to protect them from deterioration and spoilage and to easily facilitate their retrieval. The appropriate members of staff should be aware of where the documents are located and how they are referenced and stored.

17.3.2 Where financial records are due for disposal it is important that they are disposed of in a secure manner appropriate to the nature of the documents.

17.3.3 From April 2021 most financial records are stored electronically.

18. Gifts, loans and sponsorship

18.1 Accepting Gifts

18.1.1 Gifts of money and gifts or loans of other property may be accepted if they will enable the Authority either to enhance or extend a service which is within the Authority's powers to provide.

18.1.2 Gifts, loans and sponsorship can be accepted from any source which has genuine and well intentioned reasons for wishing to support specific projects.

18.1.3 The Authority should, however, take care in deciding whether or not to accept such offers. There are some cases where the acceptance of gifts, loans or sponsorship would be inappropriate:

(i) Where the provider seeks endorsement of a product or service in order to gain preferential treatment in supplying or contracting goods and services to the Authority.

(ii) Where the provider seeks to influence the direction of a particular policy, decision or operation.

18.2 Considerations

18.2.1 As funding by the donor could be withdrawn at any time, the Authority should not enter arrangements to support activities which cannot be readily discontinued.

18.2.2 Where offers of gifts, loans or sponsorship are made from more than one company in a competing market care should be taken to demonstrate an even-handed approach in accepting and/or rejecting any offer.

18.2.3 There should be a presumption in favour of accepting sponsorship unless:

- acceptance of sponsorship is likely to damage the Authority's reputation or to damage existing relationships with other entities; this could include a sponsorship association with companies already in a contractual arrangement to provide goods or services to the Authority, which could be construed by competitors as preferential treatment;
- acceptance of sponsorship might reasonably be seen as compromising the Authority's independence or decision-making.

18.3 Vetting Process

18.3.1 The Authority will operate a vetting process to ascertain that the risks described above do not exist, unless that process has already been carried out by NPPL. Approval for any sponsorship opportunities will be sought from the Authority or the Finance & Resources Committee. However, sponsorship offers of less than £10,000 can be accepted by officers, following approval of the relevant Director and in consultation with the Monitoring Officer. Any such sponsorship will be reported to the Finance & Resources Committee.

18.4 Recording & Reporting Gifts

18.4.1 A record of all gifts, loans and sponsorships received should be maintained by the CEO for inspection by the S151 Officer and the Authority's auditors.

19. Travelling and subsistence allowances

Refer to Travel, Mileage and Subsistence Guidance

19.1 Making Claims

19.1.1 Officers authorised to make journeys in the execution of their duties are eligible to claim travel and subsistence expenses in accordance with their Scheme of Conditions of Service.

19.1.2 Claims for travelling and subsistence should be made promptly (within a month) after the expenditure is incurred and should be submitted in a manner approved for the purpose by the S151 Officer.

19.1.3 All officers are expected to travel in the most economical manner appropriate to the discharge of their duties, and to share transport wherever practicable.

19.2 Approval of Claims

19.2.1 The CEO or an officer delegated by him/her (in most circumstances, this will be the line manager of the officer concerned) shall certify final approval for these allowances.

19.2.2 The certifying officer shall satisfy himself that the journeys are reasonable and in accordance with the discharge of official duties. Also, that the distances, method of travel and other related expenses are reasonable in the circumstances.

19.3 Temporary Advances

19.3.1 Where an officer is likely to incur a substantial amount of expenditure on travelling and subsistence on an occasional basis, a temporary advance may be applied for. When the actual travel/subsistence claim is made it will be reduced by the amount of the temporary advance. A written agreement must be signed by the traveller to make a deduction of the advance in the next available payroll, where that advance exceeds the value of the actual expenditure.

20. Changes to financial systems and procedures

20.1 Amendments

20.1.1 Financial systems and accounting procedures will be subject to amendments over time, particularly in relation to changes in statutory requirements/accounting practice or the introduction of new technology.

20.2 Notification of Amendments

20.2.1 In the event of such changes the S151 Officer shall inform the CEO in writing of the required amendments to the financial systems and procedures, where such changes are other than modifications of existing processes.

20.2.2 Depending on the nature of the changes they could also affect these Financial Regulations. In this case the S151 Officer should consult the Monitoring Officer and report to the Finance & Resources Committee if the change is considered material.

21. Money Laundering

21.1 Procedure

21.1.1 The Authority will have in place appropriate systems that allow it to identify money laundering within day-to-day transactions, and to investigate any such payments. Any duplicate payments or monies to which the Authority is not entitled will be returned, and reviewed in the context of possible money laundering activity.

21.2 Responsibilities

21.2.1 The Authority's nominated Money Laundering Officer (the S151 Officer) (MLO) will liaise with the National Criminal Intelligence Service (NCIS) on any issues relating to Money Laundering. All staff have a responsibility to report any activity to the MLO in which they have a concern that money laundering may be involved.

21.2.2 Money laundering offences include:

- Acquiring, using or possessing criminal property.
- Handling the proceeds of crimes such as theft, fraud and tax evasion.
- Being knowingly involved in any way with criminal or terrorist property.
- Entering into arrangements to facilitate laundering criminal or terrorist property.
- Investing the proceeds of crime in other financial products.
- Investing the proceeds of crimes through the acquisition of property/assets.
- Transferring criminal property.

21.2.3 The following are examples of major risk factors which may, either alone or cumulatively with other factors, suggest the possibility of money laundering activity.

General Transactions

- Payment of a substantial sum in cash (over £10,000).
- A secretive customer: for example, they refuse to provide requested information without a reasonable explanation, don't want to provide identification, or they supply unsatisfactory identification.
- Concerns about the honesty, integrity, identity, or location of a customer.
- The cancellation or reversal of an earlier transaction where the customer is likely to request the return of previously deposited monies.
- Involvement of an unconnected third party without logical reason or explanation.

Property transactions (having a cash buyer)

- Funds received for deposits or prior to completion from an unexpected source, or where instructions are given for settlement funds to be paid to an unexpected destination.
- No clear explanation as to the source of funds along with a lack of clarity as to how the buyer would be in a position to finance the purchase.

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