

# Financial Regulations

September 2016



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## **GENERAL**

1. These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.
2. The Council shall be responsible for ensuring that the financial management is adequate and effective and that the council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk. The Council shall review at least once a year the effectiveness of its systems of internal controls.
3. The Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.
4. The RFO shall be responsible for the production of financial management information.

## **ANNUAL ESTIMATES**

5. Each Committee shall formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of November each year or such other time as the Council may specify from time to time.
6. Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.
7. The Council shall review the estimates not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.
8. The annual budgets shall form the basis of financial control for the ensuing year.

## **BUDGETARY CONTROL**

9. Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
10. No expenditure may be incurred that will exceed the amount provided in the revenue budget, the RFO may, with the agreement of Council or committee, vire between heads.
11. The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.
12. The Town Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £5000. The Town Clerk shall report the action to the Council as soon as practicable thereafter.
13. Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.

14. No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
15. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

## **ACCOUNTING AND AUDIT**

16. All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations and any subsequent amendments thereto.
17. The RFO shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
18. The RFO shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the auditor appointed from time to time) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations and any subsequent amendments thereto, or set by the Auditor.
19. The RFO shall be responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with the Accounts and Audit Regulations and any subsequent amendments thereto. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
20. The Internal Auditor shall carry out the work required by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
21. The Council shall carry out a review of the effectiveness of internal audit on an annual basis in accordance with the Accounts and Audit Regulations and any subsequent amendments thereto.
22. The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers as legally required by the Audit and Accounts Regulations and any subsequent amendments thereto.
23. The RFO shall, as soon as practicable, bring to the attention of all councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

## **BANKING ARRANGEMENTS AND CHEQUES**

24. The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
25. A schedule of the payments required, forming part of the Agenda for the Meeting shall be prepared by the RFO and be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council.
26. Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 27 or in accordance with paragraph 39 shall be signed by two members of Council.

## **PAYMENT OF ACCOUNTS**

27. All payments shall be effected by cheque, BACS, internet banking or other means of payment drawn on the Council's bankers provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, retained, and any payments are reported to Council as made.
28. All invoices for payment shall be examined, verified and certified by the Town Clerk or other responsible officer. The Town Clerk or other responsible officer shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
29. The Finance Officer under the supervision of the RFO shall examine invoices in relation to arithmetical accuracy and shall analyse them to the appropriate expenditure heading. The Town Clerk shall take all steps to settle all invoices submitted in a timely way.
30. Where the Town Clerk and RFO certify that there is no dispute or other reason to delay payment, the Town Clerk may (notwithstanding paragraph 38) take all steps necessary to settle invoices.
31. Where the Council's finance and banking arrangements require use of a personal identification number (PIN), other password(s) or equipment, for access to the council's records on that computer, the RFO shall be responsible for ensuring that appropriate security arrangements are made.
32. No employee shall disclose any PIN, password, or make available any equipment, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the RFO.
33. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
34. The council shall ensure an adequate level of computer security which may include anti-virus, anti-spyware and firewall, and software with automatic updates.
35. Where internet banking arrangements are made with any bank, the RFO and/or The Finance Officer shall be appointed as the Service Administrator(s). The Bank Mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions from those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the

Service Administrator alone, or by the Service Administrator with a stated number of approvals.

36. Access to any internet banking accounts will be directly to the access page (which may be saved under “favourites”), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work.
37. Changes to account details for suppliers, regardless of the means by which they are paid, may only be changed on verification that they have changed. This will generally involve making verbal contact with the supplier on the last known telephone number to verify that a change has occurred. Where a period of six months or more has elapsed since the last payment to a supplier, the Finance Officer will make the same checks if banking details do not appear on the invoice. A record of the telephone discussion will be noted on the invoice, signed by the Finance Officer and countersigned by the RFO.
38. The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement.
  - (a) The Finance Officer under the supervision of the RFO shall maintain a petty cash float of £150 to pay minor expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
  - (b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
  - (c) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under paragraph 27 above.

## **PAYMENT OF SALARIES**

39. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council.
40. Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates.

## **LOANS AND INVESTMENTS**

41. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
42. The Council's Investment Policy shall be reviewed on a regular basis (at least annually).
43. All investments of money under the control of the Council shall be in the name of the Council.

44. All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose.
45. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## **INCOME**

46. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
47. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
48. The Council will review all fees and charges annually, following a report from Committee and the responsible officer.
49. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
50. All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
51. The origin of each receipt shall be entered on the paying-in slip.
52. Personal cheques shall not be cashed out of money held on behalf of the Council.
53. The RFO shall promptly complete any VAT Return that is required.
54. Where cash is received by the Council, the RFO shall take steps in accordance with the Council's Cash Handling Procedure.

## **ORDERS FOR WORK, GOODS AND SERVICES**

55. Official orders shall be issued for all work, goods or services to be supplied to the Council, unless a formal contract is to be prepared or an official order would be inappropriate.
56. Official orders shall be by methods approved by the RFO and are to be signed only by officers authorised by the Town Clerk who shall be responsible for official orders issued.
57. The exception to the two preceding paragraph in this section is for supplies of public utility services, for periodical payments such as rent or rates, for petty cash purchases, or other such exceptions as the RFO may from time to time approve and is further set out in paragraph 61 in Contracts and Tenders.
58. A copy of each order shall be supplied to the Finance Officer.
59. Official orders shall be controlled by the Finance Officer.
60. All members and officers are responsible for obtaining best value and value for money at all times. An officer issuing an official order is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of

each transaction and are subjected to terms of the Council's financial regulations on Contracts at paragraph 61 of these regulations.

## **CONTRACTS AND TENDERS**

61. Procedures as to contracts are as follows:

- a) Every contract whether made by the Council or by a Committee to which the power of making contracts has been delegated shall comply with these standing orders, and no exceptions shall be made otherwise than by direction of the Council or in an emergency by such a Committee as aforesaid provided that these standing orders shall not apply to contracts which relate to items (i) to (v) below:
  - (i) for the supply of gas, electricity, water, sewerage and telephone services.
  - (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.
  - (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant.
  - (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council.
  - (v) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
  
- b) Where it is intended to enter into a contract.
  - (i) for expenditure of £5,500 or less in value the Town Clerk or for Environment Committee expenditure, The Outdoor Services Manager, shall have executive power.
  - (ii) exceeding £5,500 but not exceeding £24,999 in value for the supply of goods or materials or for the execution of works, quotations in writing from at least three firms shall be obtained by Officers under the direction of the Town Clerk or Outdoor Services Manager as appropriate, unless the service/goods is available from one specialist supplier only or for the reasons set out in paragraph 61 above. Such firms shall be selected in accordance with standing orders.
  - (iii) Where the Council intends to procure or award a public supply contract, public service contract or public works contract as defined by the Public Contracts Regulations 2015 ("the Regulations"), which is valued at £25,000 or more, the Council shall comply with the relevant requirements of the Regulations<sup>1</sup>:
  - (iv) The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time).

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<sup>1</sup>The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

- (v) Subject to paragraph 61a) where a contract does not fall within the scope of the Public Contracts Regulations 2015 for expenditure exceeding £25,000, a minimum of three tenders shall be invited from the appropriate approved list of contractors, under the direction of the Town Clerk or Outdoor Services Manager as appropriate. If three offers are not received the Officers may repeat the request to other suitable approved firms.
  - (vi) a check is to be made whether the European Union Public Sector Procurement Rules apply and appropriate advice sought.
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- c) When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Finance & General Purposes Committee.
  - d) Notice of a contract exceeding £25,000 shall state the general nature of the intended contract and the last date by which those tenders should reach the Town Clerk in the ordinary course of post. Tenders received after that date shall not be accepted or considered and the tender will be returned directly to the tenderer.
  - e) Tenders shall only be accepted if returned with no additional information added by the tenderer.
  - f) All sealed tenders shall be opened at the same time on the prescribed date subject to paragraph (g) below.
  - g) Tenders shall remain sealed until opened by the Town Clerk or Outdoor Services Manager as appropriate in the presence of another Officer or a Member or in Committee on the date specified pursuant to paragraph (d) above and shall be reported to the appropriate Committee or Sub-Committee.
  - h) All tenders received, including any returned, shall be recorded. A register of all contracts awarded shall be kept and maintained by the Outdoor Services Manager. This register shall be open to inspection by any member of the Council.
  - i) Neither the Council nor any Committee, or Sub-Committee is bound to accept the lowest tender or any tender, quote or estimate; however satisfactory justification shall be required and recorded in the minutes.
  - j) If no tenders are received or if all the tenders are identical the Council may make such arrangements for procuring the goods or materials or executing the works as it thinks fit.
  - k) A notice issued under the regulations shall contain a statement of the effect of the following.
    - (i) If a supplier/tenderer of any goods/services is to his/her knowledge related to any member of or the holder of any office under the Council, he/she and the person to whom he/she is related shall disclose the relationship in writing to the Town Clerk. A person who fails so to do shall be disqualified for such contract and, if engaged, the contract may be withdrawn without further notice. The Town Clerk shall report to the Council or to the appropriate Committee any such disclosure.

- (ii) Canvassing of members or of any Committee, directly or indirectly, for any work/service under the Council shall disqualify the supplier/tenderer. The Town Clerk or Outdoor Services Manager as appropriate shall inform every supplier/tenderer of this paragraph.
- (iii) A member of the Council shall not solicit for any person any work under the Council or recommend any person for such work; but, nevertheless, a member may give a written testimonial of a supplier's ability, experience or character for submission to the Council.

62. Tenders for the purchase of land, surplus equipment, etc., from the Council will be dealt with in accordance with the general interpretation of the regulations unless otherwise decided by the Council.

### **PAYMENT UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

63. Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
64. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum by 5% or more a report shall be submitted to the Council.
65. Any variation to a contract or addition to or omission from a contract must be approved by the Council and Town Clerk to the Contractor in writing, the Finance & General Purposes Committee being informed where the final cost is likely to exceed the financial provision.

### **STORES AND EQUIPMENT**

66. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
67. Delivery Notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
68. Stocks shall be kept at the minimum levels consistent with operational requirements.
69. The officer in charge of each section shall be responsible for periodic checks of stocks and stores.

## **PROPERTIES AND ESTATES**

70. The Town Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with the Accounts and Audit Regulations and any subsequent amendments thereto.
71. No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £100.

## **INSURANCE**

72. Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers in consultation with the Town Clerk.
73. The Town Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
74. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
75. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Council at the next available meeting.
76. All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

## **RISK MANAGEMENT**

77. The Town Clerk with the RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
78. When considering any new activity the Town Clerk and RFO shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.
79. The Council shall carry out a Risk Assessment review on an annual basis in accordance with the Accounts and Audit Regulations and any subsequent amendments thereto. The Council minutes shall record the review.

## **REVIEW OF FINANCIAL REGULATIONS**

80. Financial Regulations shall be reviewed on an annual basis.

**Review record**

Reviewed and updated 5<sup>th</sup> September 2016, minute 136  
Financial Regulation 48 Updated April 2014 with RPI increase.  
Adopted by the Council 10<sup>th</sup> June 2013, minute 76 refers

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