



FINANCIAL REGULATIONS

CONTENTS

- 1.0 General
- 2.0 Annual Estimates
- 3.0 Budgetary Control
- 4.0 Accounting and Audit
- 5.0 Banking Arrangements and Cheques
- 6.0 Payment of Accounts
- 7.0 Payment of Salaries
- 8.0 Loans and Investments
- 9.0 Income
- 10.0 Orders
- 11.0 Contracts
- 12.0 Payments Under Contract for Building or Other Construction Works
- 13.0 Properties and Assets
- 14.0 Insurance
- 15.0 Charities
- 16.0 Risk Management
- 17.0 Revision of Financial Regulations

1. GENERAL

- 1.1 These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of financial control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the Council meets these responsibilities.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council. The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the Council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the Council are maintained and kept up to date in accordance with proper practices.
- 1.3 The RFO shall produce financial management information as required by the Council.
- 1.4 At least once a year, prior to approving the annual return, the Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.

1.5 In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.

1.6 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability in local Councils in England and Wales – a Practitioners' Guide which is published jointly by NALC and SLCC and updated from time to time.

2.0 ANNUAL ESTIMATES

2.1 Each Committee shall formulate and submit proposals to the Council in respect of revenue and capital costs including the use of reserves and sources of funding for the following financial year, not later than the end of November each year.

2.2 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year, shall be prepared each year by the RFO in the form of a budget to be considered by the Council.

2.3 The Council shall review the estimates not later than the end of January following the November (see 2.1) and shall fix the precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved estimates (budgets).

2.4 The annual budgets shall form the basis of financial control for the ensuing year.

2.5 The Council shall prepare and have regard to, a three year forecast of Revenue and Capital Receipts and Payments, which shall be prepared at the same time as the annual Budget or Estimates.

3.0 BUDGETARY CONTROL

3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.

3.2 No expenditure may be incurred which exceeds the amount provided in the revenue budget without the prior approval of the Council.

3.3 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 as shown in the budget. These statements are to be prepared at least at the end of each financial quarter.

3.4 The 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 £1000. The Clerk shall report the action to the Council as soon as practicable thereafter.

3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the Council.

3.6 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.

3.7 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

4.0 ACCOUNTING AND AUDIT

4.1 All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations 2003 as amended.

4.2 The RFO shall be responsible for completing the annual financial statements of the Council including the Council's Annual Return as soon as practicable, after the financial year end and shall submit them and report thereon to the Council.

4.3 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 by the Audit Commission), and for submitting the Annual Return for approval and authorisation by the Council, within the timescale set by the Accounts and Audit Regulations 2003 as amended, or set by the Auditor.

4.4 The RFO shall be responsible for ensuring that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations, in accordance with Regulation 5 of the Accounts and Audit Regulations 2003 as amended. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the purpose 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.

4.5 The Internal Auditor shall be appointed by and shall carry out the work required by the RFO, or by the Council, with a view to satisfactory completion of the Auditor's Report section of the Annual Return, as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the Council in writing on a regular basis with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the Council.

4.6 The Internal Auditor will be reviewed every four years.

4.7 The RFO shall make arrangement for the opportunity for inspection of the accounts, books and vouchers required by the Accounts and Audit Regulations 2003 as amended.

4.8 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.

5.0 BANKING ARRANGEMENTS AND CHEQUES

5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.

- 5.2 A schedule of payments, forming part of the Agenda for the Meeting, shall be prepared by the RFO and presented to the Council where it shall be authorised by a resolution of the Council
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2, or in accordance with paragraph 6.4, shall be signed by two members of Council.
- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice, or similar documentation, the signatories shall each also initial the cheque counterfoil and the invoice.

6.0 PAYMENT OF ACCOUNTS

- 6.1 All payments (other than petty cash [6.5]) shall be effected by cheque or other order drawn on the Council's bankers including BACS payments [6.6].
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates, shall have been received, carried out, examined and approved.
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.4 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, or required under the Public Contracts Regulations 2015, and the due date for the payment is before the next scheduled Meeting of Council, where the Clerk and the RFO certify that there is no dispute or other reason to delay payment, the RFO may (notwithstanding paragraph 6.3), take all steps necessary to settle such invoices, provided that a list of such payments shall be submitted to the next appropriate Meeting of Council.
- 6.5 The RFO may provide petty cash to officers for purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement:
- a) The RFO shall maintain a petty cash float of £150 for the purpose of defraying operational and other 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 on the next available working day, as provided elsewhere in these regulations.
 - b) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to the Council under 5.2 above.
- 6.6 Whenever possible payments to staff and service providers will be made by the Banking Automated Credit System (BACS). If thought appropriate by the Council, payment for utility supplies may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to Council as made.

- 6.7 Two members shall countersign each pay slip or invoice and the same members shall also countersign a print out showing the breakdown of the payments contained within the BACS transaction.
- 6.8 Payment by use of the Town Council's debit card is restricted to use where there is no alternative method of payment for instance online purchases. All purchases should be authorised by the RFO prior to purchase and supported by a purchase order number. Two members shall countersign each invoice where any payment is made by use of the Town Council's debit card.

7.0 PAYMENT OF SALARIES

- 7.1 As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating. Salaries shall be agreed by the Council.
- 7.2 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, provided that each payment is reported to, and ratified by, the next available Council Meeting.

8.0 LOANS AND INVESTMENTS

- 8.1 All loans and investments shall be negotiated by the Clerk or RFO in the name of the Council, and shall be for a set period of time in accordance with Council policy. Changes to loans and investments should be reported to the Council at the earliest opportunity.
- 8.2. The Council shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Policy shall be reviewed at least annually.
- 8.3. All investments of money under the control of the Council shall be in the name of the Council.
- 8.4. All borrowings should be effected in the name of the Council, after obtaining all necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The terms and conditions of borrowings shall be reviewed at least annually.
- 8.5 Copies of all investment certificates and other documents relating to shall be retained in the custody of the Clerk or RFO with original certificates being lodged with the Town Council's Bank for safe keeping.

9.0 INCOME

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied, shall be agreed annually by the Council and notified to the RFO. The RFO shall be responsible for the collection of all accounts due to the Council.
- 9.3 The Council will review all fees and charges annually, following a report of the Clerk.

- 9.4 Any sums over £50 found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5 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.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year-end.
- 9.9 Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council, to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.
- 9.10 Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere within these regulations.

10.0 ORDERS

- 10.1 An official order or letter shall be issued for all work, goods or services unless a formal contract is to be prepared or an official order would be inappropriate e.g. petty cash purchases. Copies of orders issued shall be maintained.
- 10.2. All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 12 (I) below.
- 10.3. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

11.0 CONTRACTS

- 11.1 Project checklists will be completed at the start of each project.
- 11.2 The procurement process followed by the Town Council is designed to source the most suitable contractors based on cost, as well as their knowledge, experience, capability and financial standing. In following this process the Town Council takes into account the legal requirement of the Public Contracts Requirements 2015.

Procedures as to contracts are laid down as follows:

- a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency, provided that these regulations shall not apply to contracts which relate to items (i) to (vi) 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 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 additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk and RFO shall act after consultation with the Mayor and Deputy Mayor of Council);
 - vi. 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 exceeding £25,000 in value, for the supply of goods or materials, or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a), the Clerk shall advertise the contract on the Contract Finder website as well as invite tenders from firms to be taken from the appropriate approved list, a minimum of 3 firms will be approached [not sure about this bit – we only have to advertise it on the contract finder website but will have no idea of how many will respond]. During the tender process, to ensure fair competition:
 - i. the Clerk shall ensure that all tenderers receive the same information
 - ii. Any request for additional information, telephone conversation or discussion with any of the tenderers shall be confirmed in writing by the Town Clerk as quickly as possible and copied to all the tenderers
 - iii. Information issued during the tender shall not reveal the names of the tenderers
- c) Where 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 Council.
- d) Such invitation to tender shall state the general nature of the intended contract, and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall, state the method required for returning the relevant information.
- e) All tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of Council.
- f) If less than three tenders are received for contracts over £25,000 or if all the tenders are identical, the Council may make such arrangements as it thinks fit for procuring the goods or materials, or executing the works.
- g) When it is to enter into a contract less than £25,000 in value for the supply of goods or materials, or for the execution of works or specialist services, other than such goods, materials, works or specialist services as are expected as set out in paragraph (a), the Clerk or RFO shall obtain three quotations (priced descriptions of proposed supply). Where the value is below £1000 and above £100, the Clerk or RFO shall strive to obtain three estimates. Otherwise, Regulation 10.2 above shall apply.

- h) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- i) Where contracts are expected to be above £164,176 for public supply or £4,104,394 for public service contracts the Public Contracts Directive 2014/24/EU regulations will apply.

12.0 PAYMENTS UNDER CONTRACT FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 12.1 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 withholdings as may be agreed in the particular contract).
- 12.2 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 of 5% or more, a report shall be submitted to the Council.
- 12.3 Any variations to, addition to or omission from a contract, must be approved by the Council and the Clerk in writing to the Contractor, the Council being informed where the final cost is likely to exceed the financial provision.

13.0 PROPERTIES AND ASSETS

- 13.1 The 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 Regulation 4 (3) b) of the Accounts and Audit Regulations 1996 as amended.
- 13.2 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 £50.
- 13.3 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.

14.0 INSURANCE

- 14.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers [in consultation with the Clerk].
- 14.2 The 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.
- 14.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby, and annually review it.
- 14.4 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 the Council at the next available meeting.

14.5 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.

15.0 CHARITIES

15.1 Where the Council is sole trustee of a charitable body, the Clerk and RFO shall ensure that separate accounts are kept of the funds held on charitable trusts, and separate financial reports made in such form as shall be appropriate, in accordance with the Charity Law and legislation, or as determined by the Charity Commission. The Clerk and RFO shall arrange for any Audit, or Independent Examination, as may be required by Charity Law, or any Governing Document.

16.0 RISK MANAGEMENT

16.1 The Clerk, with the RFO, shall prepare for approval by the Council risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.

16.2 When considering any new activity, the 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.

17.0 REVISION OF FINANCIAL REGULATIONS

17.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time and make such amendments to them as are appropriate.

Responsible Officer	Town Clerk	Date effective from	May 2016	Review date	March 2017
Author	Town Clerk	Date last amended	May 2016		

