



# Financial Regulations

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## **1. GENERAL**

- 1.1 These financial regulations shall govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.
- 1.2 The Clerk/Responsible Financial Officer (RFO), under the policy direction of the Finance Committee, shall be responsible for the proper administration of the Council's affairs.
- 1.3 The Clerk/RFO shall be responsible for the production of all financial management information.

## **2. ANNUAL ESTIMATES**

- 2.1 Detailed estimates of income and expenditure on revenue services, receipts and payments on capital account shall be prepared each year by the Clerk/RFO.
- 2.2 The Finance Committee shall review the estimates and submit them to the Council not later than the January meeting in each year and shall recommend the precept to be levied for the ensuing financial year. The Clerk/RFO shall supply each member with a copy of the approved estimates.
- 2.3 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.4 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 BUDGETARY CONTROL**

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in each category of expenditure in the approved budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided for in the appropriate category of the budget unless a virement has been approved by the Finance Committee of the Council.
- 3.3 The Clerk/RFO shall regularly provide the Finance Committee with a statement of receipts and payments to date under each head of the approved annual revenue and capital budgets
- 3.4 The Clerk/RFO 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 £2500. The Clerk/RFO shall report the action to the appropriate Committee as soon as practicable thereafter.
- 3.5 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met by savings made elsewhere within the approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Finance Committee or Council.
- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.

- 3.7 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the Council are satisfied that it is contained in the rolling capital programme and the necessary capital funds are available, or the requisite borrowing approval can be obtained.
- 3.8 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

#### **4. ACCOUNTING AND AUDIT**

- 4.1 The Clerk/RFO as required by the Accounts and Audit Regulations 1996 (or any subsequent regulations or amendments) shall determine all accounting procedures and financial records of the Council.
- 4.2 The Clerk/RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
- 4.3 The Clerk/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 timescales set by the Accounts and Audit Regulations 1996 as amended or set by the Auditor.
- 4.4 The Clerk/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 1996 as amended. Any officer or member of the Council shall, if the Clerk/RFO or Internal Auditor requires, make available such documents of the Council which appear to the Clerk/RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the Clerk/RFO or Internal Auditor with such information and explanation as the Clerk/RFO or Internal Auditor considers necessary for that purpose.
- 4.5 The Internal Auditor shall carry out the work required by the Clerk/RFO, or by the Council, with a view to satisfactory completion of the Internal 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 Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.6 The Clerk/RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1996 as amended.
- 4.7 The Clerk/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. BANKING ARRANGEMENTS**

- 5.1 The Council's banking arrangements shall be made by the Clerk/RFO and approved by the Finance Committee. They shall be regularly reviewed for efficiency.

- 5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the Clerk and, together with the relevant invoices, be presented to Council. The schedule shall clearly state the method of payment, e.g. cheque or BACS. If the schedule is in order it shall be authorised by a resolution of the Council. A selection of payments shall be checked against the relevant invoices by a member of the Finance Committee and initialled accordingly. If more appropriate the detail may be shown in the Minutes of the Meeting.
- 5.3 The Finance Committee is delegated power to authorise payments for salaries, Inland Revenue, utilities, office and cleaning supplies. Such payments must be authorised by resolution of the Finance Committee and checked as set out in paragraph 5.2. Payments so authorised must be reported to and ratified by the next available meeting 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.
- 5.5 Online banking
- a) The Clerk/RFO and Administrative Assistant shall have authority to view the Council's accounts, download statements and submit payments to be made by BACS.
  - b) BACS payments shall be submitted in accordance with the schedule referred to in paragraph 5.2, or in accordance with paragraph 6.4. A sample of payments shall be checked; the relevant invoices and copy of BACS schedule shall be signed accordingly.
  - c) Access to any internet banking accounts will be directly via the bank's access page and not through a search engine or email link. Remembered or saved password facilities shall not be used on any computer used for Council banking.
- 5.6 Pre-paid cards issued through the Council's bank may be given to delegated Council officers for the purpose of defraying operational and other expenses.
- a) Vouchers or receipts for payments shall be submitted to the Clerk/RFO as soon as practicable
  - b) The Clerk/RFO shall maintain a record of payments made to, and balances of, the overall account and the individual cards. This record shall be presented to the Finance Committee for agreement at each meeting. A selection of payments shall be checked against the relevant invoices by a member of the Finance Committee and initialled accordingly.
  - c) Payments to maintain the float on the pre-paid cards shall be shown separately on the schedule of payments presented to Council under 5.2 above.
  - d) Pre-paid cards may have the limit increased between meetings for a specified expenditure if agreed by the Committee and checked at the next meeting.

- 5.7 The Clerk/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 Clerk/RFO with a claim for reimbursement:
- a) The Clerk/RFO shall maintain as petty cash float of £50 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, 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 5.2 above.
- 5.8 No employee or Councillor shall disclose any PIN or password relevant to the working of the Council or its bank accounts to any person not authorised in writing by the Council or delegated Committee

## **6 PAYMENT OF ACCOUNTS**

- 6.1 All payments shall be effected by BACS or cheque or other order drawn on the Council's bankers.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk/RFO. Before certifying an invoice the Clerk/RFO shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved. The Clerk/RFO shall take all possible steps to settle all invoices submitted, and which are in order, within 35 days of their receipt.
- 6.3 The Clerk/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 Finance Committee/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, and the due date for payment is before the next scheduled Meeting of Council, where the Clerk/RFO certifies that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 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.

## **7 PAYMENT OF SALARIES AND WAGES**

- 7.1 The payment of all salaries and wages shall be made by the Clerk/RFO in accordance with the payroll needs. 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.
- 7.2 The Clerk/RFO shall certify all time/expense sheets as to accuracy.

- 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, authorised by the Finance Committee, provided that each payment is reported to and ratified by the next available Council Meeting.

## **8 LOANS AND INVESTMENTS**

- 8.1 All loans and investments shall be negotiated by the Clerk/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 Finance Committee at the earliest opportunity.
- 8.2 The Council's Investment Policy shall be in accordance with the Trustee Act 2000 and shall be reviewed on a regular basis (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 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.
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk/RFO.

## **9 INCOME**

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Clerk/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, notified to the Clerk/RFO and the Clerk/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/RFO.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Finance Committee and shall be written off in the year.
- 9.5 All sums received on behalf of the Council shall be paid to the Clerk/RFO for banking intact. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Clerk/RFO considers necessary.
- 9.6 A reference to the related debt, or otherwise, indicating 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 Clerk/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 Clerk/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.

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

- 10.1 An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 10.2 Order books shall be controlled by the Clerk/RFO.
- 10.3 The Clerk/RFO is responsible for obtaining value for money as all times and, when 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, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 (I) below.
- 10.4 The Clerk/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 Clerk/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 CONTRACTS**

- 11.1 Procedures as to contracts are laid down 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 financial regulations, 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 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 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 additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk/RFO shall act after consultation with the Chairman and Vice Chairman 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:

(i) exceeding £50,000 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 contract opportunity shall be advertised on the governments Contracts Finder website (Public Contracts Regulations 2015) and by any additional methods agreed by the Finance Committee;

(ii) between £25,000 and £50,000 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/RFO shall invite tenders from at least three individually selected firms. The contract opportunity may be advertised at the discretion of the Finance Committee in which case paragraph 11.1(b)(i) shall apply;

(iii) for expenditures of £10,000 or less in value the Chairperson of the Council, Vice Chairperson, Chairperson of Finance, Chairperson of Employment, with the Clerk, shall have executive powers to authorise expenditure in cases of urgent need.

(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 Council.

(d) Every exception made by the Finance Committee to which the power of making contracts has been delegated shall be reported to the Council and the report shall specify the emergency by which the exception shall have been justified.

(e) Such invitation to tender shall state the general nature of the intended contract and the Clerk/RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk/RFO and the last date by which such tenders should reach the Clerk/RFO in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.

(f) All sealed 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.

(g) If less than three tenders are received for contracts above £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.

(h) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 25.9 and 25.11.

(i) When it is to enter into a contract:

(i) 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 excepted as set out in paragraph (a) the Clerk/RFO shall obtain 3 formal written quotations (i.e. priced descriptions of the proposed supply) for the Council/Finance Committee to consider;

(ii) where the value is below £1,000 and above £100 the Clerk/RFO shall strive to obtain 3 quotations, written if possible but verbal will be accepted, and less than 3 will be considered if efforts to obtain 3 fail. Price comparisons from catalogues, advertisements and internet sites will also be acceptable when the value is less than £1000. Otherwise, Regulation 10 (3) above shall apply.

(j)The Council shall not be obliged to accept the lowest of any tender, quote or estimate.

## **12. PAYMENTS UNDER CONTRACTS 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 Clerk/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).
- 12.2 Where contracts provide for payment by instalments the Clerk/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 variation to a contract or addition to or omission from a contract must be approved by the Clerk/RFO to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

## **13 STORES AND EQUIPMENT**

- 13.1 The Caretakers of the Community Centres shall be responsible for the care and custody of stores and equipment in their premises.
- 13.2 Delivery Notes must 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.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The Clerk/RFO shall be responsible for periodic checks of stocks and stores at least annually.

## **14 PROPERTIES AND ESTATES**

- 14.1 The Clerk/RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk/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.

- 14.2 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.

## **15 INSURANCE**

- 15.1 Following an annual risk assessment, the Clerk/RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The Clerk/RFO shall attend to all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The Clerk/RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.4 The Clerk/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.
- 15.5 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.

## **16 RISK MANAGEMENT**

- 16.1 The Clerk/RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 16.2 When considering any new activity, the Clerk/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 REVISION OF FINANCIAL REGULATIONS**

- 17.1 It shall be the duty of the Finance Committee to review the Financial Regulations of the Council from time to time and to make such recommendations to the Council as the Committee considers are required.