



FINANCIAL REGULATIONS

Re-adopted with amendments by Full Council at the Meeting held 19th October 2011 (V – 2011b)

Additional amendment 11.10 approved April 2012
Additional amendment 10.1.1 approved March 2014

1. GENERAL

- 1.1 These Financial Regulations (FR) govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council. The Council's Standing Orders (SO) 22.1 – 22.7 also take the effect of Financial Regulations.
- 1.2 The Clerk to the Council also acts as its Responsible Financial Officer (RFO), under the policy direction of the Council.
- 1.3 The RFO is responsible for the production of forecasts, estimates, and financial management information.
- 1.4 All values stated in these regulations are exclusive of VAT.

2. ANNUAL ESTIMATES

- 2.1 The Finance and Policy Committee shall formulate and submit recommendations in respect of revenue and capital estimates, and proposed Precept for the forthcoming year, to the January Council Meeting. The Finance and Policy Committee will consult other councillors and committees as appropriate.
- 2.2 In fixing the annual Precept, the Council shall have regard to potential longer term (3 year) implications for expenditure.

3 BUDGETARY CONTROL

- 3.1 No commitment/expenditure may be incurred which will exceed the amount provided in the revenue budget, without resolution by the Council (see also SO 22.5), with the exception of 3.5 below.
- 3.2 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each budget heading, comparing actual against budget.
- 3.3 The RFO may commit revenue expenditure up to £1500 on individual items which are budgeted and relate to the routine affairs of the Council.

- 3.4 The Chairman and/or Vice Chairman may authorise the RFO to commit revenue expenditure up to £2500 on individual items which are budgeted and relate to the routine affairs of the Council.
- 3.5 Work, which is of such extreme urgency that it must be done at once, whether or not there is budgetary provision for it, may be committed by the RFO - subject to a limit of £2500. The RFO will make reasonable endeavours to contact the Chairman, Vice Chairman, or Chairman of the Finance and Policy Committee prior to commitment, and shall report the action to the Council as soon as practicable thereafter.
- 3.6 All proposed commitment/expenditure in relation to any capital project, contract, or tender, requires advance resolution by the Council, or may be delegated by the Council to an appropriate committee or sub committee, or to a minimum of 3 delegated members.

4. ACCOUNTING, AUDIT, AND INTERNAL CONTROL

- 4.1 Accounting procedures and financial records shall be determined by the RFO as required by the Accounts and Audit Regulations 1996 as amended.
- 4.2 The RFO is responsible for completing the annual financial statements as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
- 4.3 The RFO is responsible for completing the Accounts contained in the Annual Return 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 RFO is responsible for ensuring an 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 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.
- 4.5 The Finance and Policy Committee shall recommend the appointment and terms of the Internal Auditor, and regularly review these.

The Internal Auditor shall carry out the work required by the RFO and 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 with a minimum of one annual report each financial year.
- 4.6 The 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 RFO shall, as soon as practicable, bring to the attention of all councillors any correspondence or report from the Internal or External Auditor, unless of a purely administrative matter.
- 4.8 Three members of the Finance and Policy Committee shall act as the Council's 'Risk Assessment Panel', and make random audit checks on all the financial and insurance records, and assets, on a regular basis (Minimum two per year, maximum 4 per year). A report of the results of this activity to be given to the Finance and Policy Committee.

5. BANKING ARRANGEMENTS AND CHEQUES

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 Cheque signature (SO 22.4). To indicate agreement of the details shown on the cheque or order for payment, one of the two signatories shall also initial the invoice and the cheque counterfoil.

6 PAYMENT OF ACCOUNTS

- 6.1 All payments shall be made by cheque or other order drawn on the Council's bankers (subject to petty cash disbursements).
- 6.2 All invoices for payment shall be examined and verified by the RFO.
- 6.3 The RFO shall ensure that all valid invoices are summarised on the Financial Report for 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, and the due date for payment is before the next scheduled Meeting of Council, where the RFO certifies there is no dispute or other reason to delay payment, he may (notwithstanding para 6.3) settle such invoices provided that a list of such payments be submitted to the next meeting of Council.
- 6.5 Petty Cash, for minor daily disbursements.
 - 6.5.1 Petty Cash will be run on an imprest account basis of £75. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
 - 6.5.2 Cash received must not be paid into petty cash, but banked separately.
 - 6.5.3 Payments to maintain the petty cash imprest account shall be shown separately on the schedule of payments presented to Council.

7 PAYMENT OF SALARIES

- 7.1 Payment shall be made in accordance with payroll records and the rules of PAYE and National Insurance, and salaries shall be as agreed by 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.
- 7.3 Staff salaries shall be reviewed at the Finance and Policy Committee meeting following publication of any award by the NJC for Local Govt. Services.

8 LOANS AND INVESTMENTS

- 8.1 All loans and investments shall be negotiated and held in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.2 The Council's Investment Policy, shall be in accordance with the Trustee Act 2000, and shall be reviewed every two years.
- 8.3 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.
- 8.4 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.5 Council resolution is required for all loans and the making of investments.

9 INCOME

- 9.1 The collection of all sums due shall be the responsibility of the RFO.
- 9.2 Charges to be made for fees, work done, services rendered or goods supplied shall be reviewed by the Finance and Policy Committee, and agreed annually by the Council.
- 9.3 Any irrecoverable sums shall be reported to the Council and written off in the year.
- 9.4 Sums received shall be banked promptly and intact.
- 9.5 The origin of each receipt shall be entered on the paying-in slip.
- 9.6 Personal cheques shall not be cashed.
- 9.7 The RFO is responsible for the completion of any required VAT Return. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made as determined by the RFO.

10 ORDERS FOR WORK, GOODS AND SERVICES

- 10.1 An official order shall be issued for all work, goods and services over £1000 unless a formal contract is to be prepared, or unless not appropriate such as routine supplies from an established supplier.
 - 10.1.1 All suppliers of services for work over £1000 will be given a written specification which includes that the supplier confirms adequate insurance is held to undertake the service supplied.
- 10.2 All members and Officers shall use reasonable best endeavours to obtain value for money and best available terms in respect of each transaction.
- 10.3 The RFO shall verify the lawful nature of any proposed transaction.

11 CONTRACTS AND EXECUTION OF WORKS

11.1 These regulations apply to all contracts, supply of goods/materials, and execution of works, with the exception of:

- (i) supply of gas, electricity, water, sewerage and telephone services;
- (ii) specialist services eg. solicitors, accountants, surveyors and planning consultants;
- (iii) work or goods which consist of repairs/parts for existing assets.
- (iv) work to be executed/goods which constitute an extension of an existing contract;
- (v) additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chairman of Council);
- (vi) goods or materials proposed to be purchased which are specialist/proprietary articles and/or are only sold at a fixed price.
- (vii) routine purchases from existing suppliers.

11.2 Exceeding £50000.

A formal tender process will apply as:

- 11.2.1 A public notice of intention to place a contract to be placed in a local newspaper;
- 11.2.2 a specification of the goods, materials, services and the execution of works shall be drawn up;
- 11.2.3 tenders are to be sent, in a sealed marked envelope, to the Clerk by a stated date and time;
- 11.2.4 tenders submitted are to be opened, after the stated closing date and time, by the Clerk and at least one member of Council;
- 11.2.5 tenders are then to be assessed and reported to the appropriate meeting of Council or Committee.
- 11.2.6 Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 14.2 – 14.5.

11.3 Below £50000 and above £25000.

Per 11.2.2 to 11.2.6 above.

11.4 Below £25000.

3 written quotes to be obtained.

11.5 Below £5000 and above £2000.

3 written estimates to be obtained.

11.6 Financial Regulation 10.2 applies to all supply irrespective of value.

11.7 The Council, nor any Committee, is not bound to accept the lowest tender, estimate or quote.

11.8 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.

- 11.9 If less than three tenders, quotes or estimates are received for any reason , or if any are identical, the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- 11.10 Contracts for work expected to be above £5,000 to be advertised on all Town Council notice boards for a period of three weeks prior to the commencement of issuing of the invitations to tender

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 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 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 Council and Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

13 STORES AND EQUIPMENT

The RFO is responsible for periodic checks of stocks and stores.

14 PROPERTIES AND ESTATES

- 14.1 All title deeds of properties owned by the Council are to be held at the Council's solicitors.
- 14.2 No asset 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 does not exceed £100.

15 INSURANCE

- 15.1 Following annual insurable risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.3 The RFO shall notify any loss, liability or damage or of any event likely to lead to a claim, to the Council at the next available meeting.
- 15.4 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 CHARITIES

- 16.1 Where the Council is sole trustee of a Charitable body the 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 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.

17 RISK MANAGEMENT

- 17.1 The RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 17.2 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.

18 SEALING OF DOCUMENTS

- 18.1 A document shall not be sealed on behalf of the Council unless its sealing has been authorised by a resolution.
- 18.2 Any two members of the Council named in a resolution moved under the provisions of paragraph 18.1 of this Order may seal, on behalf of the Council, any document required by law to be issued under seal.

19 REVISION OF FINANCIAL REGULATIONS

- 19.1 It shall be the duty of the Council to review the Financial Regulations in the first year of the Council term.