

FINANCIAL REGULATIONS

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. 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 and under the policy direction of the Finance & Staffing Committee shall be responsible for the proper administration of the Council's financial affairs under the line management of the Town Clerk who retains overall financial control. The RFO shall determine on behalf of the Council its accounting records, and accounting control systems. The RFO shall ensure that the accounting records of the Council are maintained and kept up to date in accordance with proper practices.
- 1.3. The Assistant Town Clerk will deputise for the Town Clerk in their absence (and will therefore have the same authority).
- 1.4. The RFO shall be responsible for the production of financial management information.
- 1.5. 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.
- 1.6. 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.
- 1.7. 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. ANNUAL ESTIMATES (BUDGET)

- 2.1. Each Committee shall formulate and submit proposals to the Finance & Staffing Committee 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 October each year.
- 2.2. Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account including the use of reserves and all sources of funding for the year, shall be prepared each year by the RFO in conjunction with the Town Clerk.
- 2.3. The Finance & Staffing Committee shall review the revenue estimates for Payroll and Administration and the combined estimates shall be submitted to Council not later than the end of December in each year and shall recommend the precept to be levied for the ensuing financial year. The Council shall fix the Precept and the RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budgets.

2. ANNUAL ESTIMATES (BUDGET) (cont)

- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.
- 2.5 The RFO in conjunction with the Town Clerk shall prepare and have regard to a three year forecast of Revenue and Capital Income and Expenditure which shall be prepared at the same time as the annual Budget.

3. BUDGETARY CONTROL

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in each approved budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate revenue budget for that class of expenditure unless a virement has been approved by the Finance & Staffing Committee or the Council. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings (virements) or to an earmarked reserve as appropriate.
- 3.3 The RFO shall on a quarterly basis provide the Finance & Staffing Committee with a statement of income and expenditure to date under each head of the revenue budgets, comparing actual expenditure against that planned using an analytical review system. The RFO will provide each Committee with an updated report of their capital expenditure.
- 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 necessary whether or not there is any budgetary provision for the expenditure, subject to a limit of £1250. If there is no budgetary provision the Clerk shall report the action to the appropriate Committee as soon as practicable thereafter. Emergency work over this amount but below £1750 should be referred by the Town Clerk or in his/her absence by the Grounds & Property Manager or RFO to the relevant Committee Chairman and the Chairman of Council to obtain approval before work proceeds.
- 3.5 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within that Committee's approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Finance & Staffing Committee or the Council.
- 3.6 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.
- 3.7 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 committee concerned are satisfied that it is contained in the rolling capital programme and that 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.
- 3.9 The RFO is authorised to make payment up to the agreed net annual budget limit to, Barnes for A Recreation Ground Trust without reference to Committee.

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.
- 4.2 The RFO shall complete the annual financial statements of the Council including the Council's Annual Return as soon as practicable after the end of the financial year and shall submit them to and report thereon to the Finance & Staffing Committee. If satisfied the Committee will make a recommendation to Council.
- 4.3 In addition 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 shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts & Audit Regulations.
- 4.4 The following principles shall be observed in connection with accounting duties.
- (a) The duty of providing information, calculating, checking and recording sums due to, or from, the Council, should be separated as completely as possible from the duty of collecting or dispersing them.
 - (b) Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.
- 4.5 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 proper practices. 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.
- 4.6 The Internal Auditor shall be appointed by and shall carry out the work required by the Council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing, or in person, on a regular basis with a minimum of one annual written report in respects 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.
- 4.7 The RFO shall make arrangements for the opportunity for inspection of the accounts; books and vouchers and the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.
- 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. BANKING ARRANGEMENTS AND CHEQUES

- 5.1 Councillors who are the Council's bank signatories are to provide all necessary identity details to the bank in order to comply with the bank's anti-fraud regulations.

5. BANKING ARRANGEMENTS AND CHEQUES (cont)

- 5.2 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Finance & Staffing Committee. One general account shall be maintained at the bank. The RFO shall regularly review banking arrangements to ensure that charges are competitive and the service meets the needs of the Council.
- 5.3 A schedule of payment of money shall be prepared by the RFO and together with the relevant supporting invoices must be checked by the two members signing the cheques to ensure that the Town Clerk's initials or, in his/her absence, those of the Chairman of Council are noted on the invoices as "Payment Authorised". If the "Payment Authorised" has the signature of the Chairman of Council then he/she cannot sign the relevant cheque. The Chairman and Vice-Chairman of the Finance & Staffing Committee should not sign cheques as they will be responsible for checking the full list of payments which shall include cheques, direct debits, standing orders and telepay and which will be submitted to the quarterly Finance & Staffing Committee for retrospective approval and minuted accordingly.
- 5.4 In addition to the above where two councillors are spouses or partners only one shall be permitted to sign cheques or other bank mandates on behalf of the Council and the bank signatory list will be maintained accordingly.
- 5.5 Cheques, cheque stubs and autopay sheets drawn on the bank account in accordance with the schedule referred to in the previous paragraph shall be signed by the members signing the above schedule
- 5.6 Members approving the transfer of funds between bank accounts must ensure that the Town Clerk's initials or, in his/her absence, those of the Chairman of Council, are shown on the transfer documentation prior to signature. Again if the Chairman of Council authorises the documents then he/she cannot sign the documents.

6. PAYMENT OF ACCOUNTS

- 6.1 Apart from petty cash payments all payments shall be effected by cheque or other order drawn on the Council's bankers. When possible cheques should not be issued for less than £15.00.
- 6.2 All invoices for payment shall be examined, verified and certified by the officer issuing the order. Before certifying an invoice the officer shall satisfy himself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved. The Officer issuing the order will also code the invoice to the appropriate expenditure head.
- 6.3 Duly certified invoices shall be passed to the RFO who shall examine them in relation to the arithmetical accuracy and authorisation. The RFO will ensure that all invoices are coded to the appropriate expenditure head. He/she shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.4 When the RFO is satisfied that invoices are in order he/she shall pass them to the Clerk for final certification in the box provided.
- 6.5 All duly certified invoices will then be entered on the schedule referred to in 5.3 above.

6. PAYMENT OF ACCOUNTS (cont)

- 6.6 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 RFO shall maintain a petty cash imprest account to a limit of £250 for the purpose of defraying operational and other expenses. The petty cash imprest account should not normally be reimbursed more than once per month. Vouchers for payments made from petty cash together with the relevant receipt shall be kept to substantiate the payment and be numbered to enable cross-reference to the ledger. In the event of an official receipt not being available the petty cash voucher must be annotated with the name/address/ signature and brief description of goods/services supplied. The RFO is authorised to make petty cash payments up to £50. Cash payments over £50 will be at the discretion of the Town Clerk.
 - (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 the payment of money presented to the Finance & Staffing Committee (under 5.3 above).
 - (d) The Chairman of the Finance & Staffing Committee shall undertake random spot checks of the Petty Cash at least quartley and annotate the petty cash book accordingly.
- 6.7 If thought appropriate by the Council, payments 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.

7. INTERNET/CREDIT CARD PURCHASES

- 7.1 The Town Clerk (or Assistant Town Clerk), Project Officer and the Grounds & Property Manager are authorised to use personal credit cards for payments of BFTC's purchases provided the controls listed below are followed.
- 7.2 When use of a credit card is required a purchase order will be raised and get signed by the Town Clerk (within the delegated authority level or minuted authority).
- 7.3 Ensure wherever possible that the invoice bears the name of Card holder and BFTC to satisfy the VAT requirements. When invoice received pass to Finance Officer in usual way
- 7.4 When Credit Card bill is received pass to Finance Officer for payment who will follow procedures laid down in 6.1 to 6.5 above.

8. PAYMENT OF SALARIES AND WAGES

- 8.1 As an employer the Council shall make arrangements to meet fully the statutory requirements place on all employers by PAYE and National Insurance legislation. The payment of salaries shall be in accordance with payroll records and the rules of PAYE and National Insurance currently operating. The payroll record shall be presented to Council in March each year and minuted accordingly. The record will show all staff on the payroll with information regarding the current pay scale point, any proposed incremental point, the top point as agreed within the job offer and the number of hours worked. Actual salaries shall be as agreed by Council within the payroll budget.

8. PAYMENT OF SALARIES AND WAGES (cont)

- 8.2 The payment of all salaries and payment of deductions from salary such as may be made for tax, national insurance and pensions contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts and shall be made by the RFO from the current account by means of the Telepay system. The Town Clerk is to check the payslips together with NI, PAYE and Pension contributions against the Sage Payment Summary for the relevant month and authorise the payroll record together with the Telepay fax message.

In the absence of the Town Clerk and the Assistant Town Clerk the payment of salaries and the payment of deductions will be approved by the Chairman of Finance & Staffing Committee and the bank mandate is to be amended annually or as required. The Telepay validation report is to be signed by two Councillors retrospectively. The Internal Auditor should include checks on salary payments.

- 8.3 All overtime shall be approved in advance by the Town Clerk.
- 8.4 All time sheets shall be certified as to accuracy by the Grounds & Property Manager for staff under his line management and approved by the Clerk if overtime is involved. The Town Clerk is to certify and approve all other staff overtime claims.

9. LOANS AND INVESTMENTS

- 9.1 All loans and investments shall be negotiated by the RFO in the name of the Council and shall be for a set period in accordance with Council policy.
- 9.2 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.
- 9.3 All investments of money under the control of the Council shall be in the name of the Council.
- 9.4 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. The terms and conditions of borrowings shall be reviewed at least annually.
- 9.5 The RFO, Town Clerk and Chairman of Finance & Staffing have joint delegated authority to approve the investments in accordance with Council's investment policy with retrospective approval being obtained from Finance & Staffing Committee for the previous period.
- 9.6 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO and held in a fireproof and secure location.

10. INCOME

- 10.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO. Any accounts three months or more overdue shall be brought to the attention of the Town Clerk.

10. INCOME (cont)

- 10.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts due to the Council.
- 10.3 The Council will review all fees and charges annually, following a report by the Clerk.
- 10.4 Any bad debts shall be reported to the Finance & Staffing Committee and shall be written off in the year.
- 10.5 All sums received on behalf of the Council shall either be paid to the RFO for banking or be banked by the officer collecting the money as directed by the RFO. In all cases all receipts shall be deposited with the Council's bankers on a weekly basis as a minimum or more frequently if the RFO considers necessary. Due care is to be taken in the security and safety of individuals undertaking the banking on behalf of the Council ensuring that this is undertaken on irregular days and at varying times.
- 10.6 The origin of each receipt shall be entered on the paying in slip.
- 10.7 Every transfer of official money from one member of staff to another shall be signed for by the receiving officer using an official Town Council receipt. Significant sums of cash received by the Council should be checked in the presence of another person when the cash is counted for the first time and that there is reconciliation to some form of control such as ticket issues or receipts (e.g. receipt of cash from market traders).
- 10.8 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 10.9 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 quarterly coinciding with the financial year end.

11. ORDERS FOR WORK, GOODS AND SERVICES

- 11.1 An official order or letter shall be issued for all work, goods and services unless a formal contract is prepared or an official order would be inappropriate eg petty cash purposes. Copies of orders issued shall be maintained.
- 11.2 Order books shall be sequentially controlled by the RFO.
- 11.3 Orders can only be issued by the following officers within the stated limits unless supported by the minuted resolution of the relevant Committee or Town Council or with the authority of the Chairman/Vice Chairman of Committee (as per Financial Regulations Contracts 12.2(ii)).

Town Clerk - £1750

RFO - £500

Assistant Town Clerk - £500

Grounds & Property Manager - £500

The Chairman of Council (in an emergency) or in the absence of the Town Clerk and Chairman, the Vice Chairman - £1750

The Project Manager - £500

11. ORDERS FOR WORK, GOODS AND SERVICES (cont)

- 11.4 All Officers are responsible for obtaining 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, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Financial Regulations – Contracts point 12.2(ii).
- 11.5 The Town Clerk 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 Town Clerk 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.

12. CONTRACTS

12.1 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 exception from any of the following provisions of these Standing Orders 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 (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 goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price
- (vi) for additional audit work of the external Auditor up to an estimated value of £350 (in excess of this sum the Clerk and RFO shall refer the matter to Council).

12.2 Where it is intended to enter into a contract:

- (i) 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 12.1(i)-(vi) the Clerk shall invite tenders from at least three firms, such firms to be taken from the appropriate approved list held by the district council.
- (ii) for expenditure below £25,000 but above £5,000 the Clerk shall where possible obtain 3 quotations and where the expenditure is below £5,000 but above £1,500 the Clerk shall where possible obtain 3 estimates. Otherwise regulation 11.3 shall apply.
- (iii) for expenditure above £1,500 but below £5,000 in value the Clerk together with the Chairman of the spending Committee or his appointed Vice-Chairman or the Chairman or Vice-Chairman of Council shall have authority to place orders providing they are within the approved budget.
- (iv) for expenditure above £5,000 a minuted resolution of the spending Committee (if within their budget) or Town Council must be obtained.
- (v) for expenditure above £1,500 and below £5,000 the relevant Committee should be informed of the expenditure.

12. ORDERS FOR WORK, GOODS AND SERVICES (cont)

- 12.3 When applications are made to waive Standing Orders relating to contracts to enable a tender to be negotiated without competition, the reason shall be embodied in a recommendation to the Council.
- 12.4 Every exception made by a committee to which the power of making contracts has been delegated shall be reported to the Council and the report shall specify the reason by which the exception shall have been justified.
- 12.5 Such invitations 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 in addition state that tenders must be addressed to the Clerk and the last date by which such tenders should reach the clerk in the ordinary course of post. Each tendering firm shall be supplied with a specially marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- 12.6 All sealed tenders shall be opened at the same time on the prescribed date by the Clerk, or in his/her absence, by the Chairman of Council, in the presence of at least one other Member of the Council.
- 12.7 If less than three tenders/quotations/estimates are received for contracts valued above £5,000 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.
- 12.8 Any invitation to tender issued under this Standing Order shall contain a statement of the effect of Standing Order No 64, 65, 71, 72, 73.
- 12.9 The Council shall not be obliged to accept the lowest or any tender/quotation/estimate.

12.10 Payments Under Contract for Building or Other Construction Works

- (i) 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 retention as may be agreed in the particular contract).
- (ii) Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to Council.
- (iii) Any variation to a contract or addition to or omission from a contract must be approved by the Clerk in writing, the Council being informed where the final cost is likely to exceed the financial provision.

13. STORES AND EQUIPMENT

- 13.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 13.2 Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time delivery is made.

13. STORES AND EQUIPMENT (cont)

- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operation requirements.
- 13.4 The Grounds & Property Manager shall be responsible for an annual check of all stocks and stores.

14. ASSETS, PROPERTIES AND ESTATES

- 14.1 All title deeds of properties owned by the Council shall be retained in the fireproof safe. 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
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, save where the estimated value of any one item does not exceed £100.
- 14.3 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.

15. INSURANCE

- 15.1 Following the annual risk assessment (per Financial Regulation 18) the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The Clerk in consultation with the Chairman of Council shall have delegated authority to insure all new risks, properties or vehicles which require to be insured and make any alterations affecting existing insurance.
- 15.3 The Clerk 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 shall be notified of any loss liability or damage or of any event likely to lead to a claim and these shall be reported 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 and agreed during the annual risk assessment exercise. It should be noted that any special requirements of the insurance company regarding the obtaining of references for new employees within two months of commencement of employment should be actioned speedily and then retained on file.

16. CHARITIES

- 16.1 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 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 Council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare and promote 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.
- 17.2 When considering any new activity the Clerk 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. REVISION OF FINANCIAL REGULATIONS

- 18.1 It shall be the duty of the Finance & Staffing Committee to review the financial regulations of the Council on an annual basis. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.