

**NOTE** References to 'he' in these Regulations shall be taken to mean he or she as appropriate

## **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.
- 1.2 The responsible financial officer (RFO) under the policy direction of the Finance Committee shall be responsible for the proper administration of the council's financial affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.

### **2. Annual Estimates**

- 2.1 Each Committee shall formulate and submit proposals to the Finance Committee in respect of revenue services and capital projects for inclusion in the rolling capital programme 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, shall be prepared each year by the RFO.
- 2.3 The Finance Committee shall review the estimates and submit them to the council not later than the December meeting in each year and shall recommend the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

### **3. Budgetary Control**

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in each approved Committee budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate committee revenue budget unless a virement or overspend has been approved by the Finance Committee or the Council.
- 3.3 The RFO shall periodically provide the Finance Committee with a statement of income and expenditure to date under each head of the approved annual review and capital budgets.
- 3.4 The Clerk may, after consultation with the Chairman (or Vice-Chairman or Committee Chairman if Chairman unavailable) 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 £500. The Clerk 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 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 Committee or the Council.
- 3.6 The Clerk may incur expenditure within the budget set by Council for items necessary for the efficient administration of the Council, including stationery and minor items of office equipment. Authorisation by Council shall be sought where the cost of any one such item exceeds £100.
- 3.7 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless converted to an Earmarked Reserve.
- 3.8 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.
- 3.9 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 All account procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations 1996.
- 4.2 The 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 to and report thereon to the Finance and General Purposes Committee.
- 4.3 The RFO shall be responsible for checking that all expenditure is legal and within the powers of the Council.
- 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 if possible be engaged in any of those transactions.
- 4.5 The RFO shall be responsible for maintaining an adequate and effective system of internal control of the Council's accounting, financial and other operations in accordance with regulation 5 of the Accounts and Audit Regulations 1996. Any officer or member of the Council shall, if the RFO requires, make available such documents of the Council which relate to their accounting and other records as appear to the RFO to be necessary for the purpose of the audit and shall supply the RFO with such information and explanation as the RFO considers necessary for that purpose.

**Comment [S1]:** Check Accounts Regulations reference

**Comment [S2]:** Check Audit Regulations reference

## **Internal Control**

- 4.6 A system of internal control shall be maintained, under which appropriate checks shall be undertaken to minimise any risk of fraud or malpractice.
- 4.7 Ongoing - All cheques will be signed by 2 members of the Finance and General Purposes Committee
- No blank cheques shall be signed
  - The Clerk/RFO shall not be a signature to any bank account
- 4.8 Monthly - Members of the Finance and General Purposes Committee shall visit the office on either the day before or day of Main Council meetings to instigate the following checks.
- Members to be appointed for this purpose at the preceding Main Council meeting:
- Check that all items on the schedule of payments for that month are supported by relevant documents, and initial such documents as confirmation
  - Check that cheques for payments match invoices/relevant documents and payment schedule
  - Confirm that the RFO has checked that all proposed expenditure is legal and within the powers of the Council
  - Check petty cash reconciliation
  - Check income recorded in cash book matches paying in book records
  - Check that photocopying income agrees with records
  - Check that bank reconciliations agree with latest available actual statements
  - Check outstanding debts and steps taken to recover these
- Quarterly - Budget report to be issued to Finance Committee, who will:
- check reconciliation
  - check that actual Bank/Building Society balances match quoted fund balance
  - check VAT claim

Report to then be adopted by Council.

## **5. Banking Arrangements and Cheques**

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Finance Committee. Accounts shall be maintained at the Bank, plus Building Society or investment accounts for Capital funds.
- 5.2 A schedule of the payment of money shall be prepared by the RFO and together with the relevant invoices etc presented to the Council. If the schedule is in order it shall be authorised by a resolution of Council and signed by the Chairman or Vice Chairman.
- 5.3 Cheques and autopay sheets drawn on the bank accounts in accordance with the schedule referred to in the previous paragraph shall be signed by two members

## **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.
- 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.
- 6.3 Duly certified invoices shall be passed to the RFO who shall examine them in relation to arithmetical accuracy and authorisation, check that the expenditure is legal and within the powers of the Council and shall code them to the appropriate expenditure head. He shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt. In cases where this necessitates payment outside a Council meeting, details of those accounts so paid will be provided for the next such meeting.
- 6.4 Where the RFO and Clerk are separate Officers, when the RFO is satisfied that invoices are in order he shall pass them to the Clerk for final certification.
- 6.5 All duly certified invoices will then be entered on the schedule referred to in 5.2 above.
- 6.6 The RFO may provide petty cash to officers or members 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 float to a limit 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 the payment of money presented to the Council (under 5.2 above).

## **7 Payment of Salaries and Wages**

- 7.1 The payment of all salaries and wages shall be made by the RFO in accordance with payroll records.
- 7.2 All time sheets shall be certified as to accuracy by or on behalf of the clerk

## **8. Loans and Investments**

- 8.1 All loans and investments shall be negotiated by the 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 investment should be reported to the Finance Committee at the earliest opportunity.

- 8.2 All investments of money under the control of the Council shall be in the name of the Council.
- 8.3 All borrowings shall be effected in the name of the Council.
- 8.4 All investment certificates and other documents relating thereto shall be retained in the custody of the 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 RFO.
- 9.2 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.
- 9.3 The Council will review all fees and charges annually, following a report of the Clerk.
- 9.4 Any bad debts shall be reported to the Finance and General Purposes Committee.
- 9.5 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 with such frequency as the RFO considers necessary.
- 9.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying in slip.
- 9.7 Every transfer of official money from one member of staff to another shall be signed for by the receiving officer.
- 9.8 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.9 Income received on behalf of other bodies (e.g. community facilities for which the Council operates a booking service) shall be kept separate from Council income and banked in accordance with the procedures of the body to which it relates.

## **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 eg petty cash purchases. Copies of orders issued shall be maintained.
- 10.2 Order books and records shall be controlled by the RFO.
- 10.3 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 practical that the best available terms are obtained in respect of each transaction.

## 11. Contracts

11.1 Procedures as to contracts are laid down in the council's standing orders as follows:

**Comment [S3]:** Insert amended SO as appropriate

- a) Every contract whether made by the council or by a committee to which the power of making contracts has been delegated shall comply with these standing orders, and no 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 (v) below:
  - (i) for the supply of gas, electricity, water, sewerage and telephone services
  - (ii) for specialist services such as those provided by solicitors, accountants, surveyors and planning consultants
  - (iii) for work to be executed or goods or materials 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 to be purchased which are proprietary articles and/or which are sold only at a fixed price
- b) Where it is intended to enter into a contract:
  - (i) exceeding £5000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials or services as are excepted as set out in paragraph (a) the clerk shall invite tenders from at least three firms.
  - (ii) Where the value of the intended contract exceeds £10000, notice of the intention to enter into it shall be publicly advertised and tenders shall be required to be provided in sealed, marked envelopes and provided by a set date.
  - (iii) For expenditures of £1000 or less in value the Clerk or the duly authorised deputy in consultation with the chairman of the spending committee or his appointed vice chairman shall have executive power.
- c) 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.
- d) 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 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 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. For contracts exceeding £10000 in value 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.

- f) All sealed tenders shall be opened at the same time on the prescribed date by the clerk or the properly authorised deputy in the presence of at least one member of the council.
- g) If less than three tenders are received for contracts valued above £5000 or if all the tenders are identical the council may make such arrangements as it thinks fit for procuring the goods or materials executing the works.
- h) Any invitation to tender issued under this standing order shall contain a statement of effect of standing order Nos. 42,43 and 44
- i) The council shall not be obliged to accept the lowest or any 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.
- 12.2 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 the appropriate committee.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Clerk in writing, the appropriate committee being informed where the final cost is likely to exceed the financial provision.

## **13. Stores and Equipment**

- 13.1 If sections are established with own stores and equipment, 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.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.

13.4 The RFO shall be responsible for an annual check of all stocks and stores.

#### **14. Properties and Estates**

14.1 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.

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 £500.

#### **15. Insurance**

15.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers in consultation with the Clerk and Finance and General Purposes Committee.

15.2 The Clerk shall give prompt notification to the RFO and Finance and General Purposes Committee of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

15.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

15.4 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.

15.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

#### **16. Revision of Financial Regulations**

16.1 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 recommendation to the Council as the Committee considers are required.