



FINANCIAL REGULATIONS

December 2009

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 and General Purposes 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 budget proposals to the Finance and General Purposes Committee in respect of revenue services and capital projects for inclusion in the rolling capital programme by the end of November each year.
- 2.2 Detailed estimates of income and expenditure for the year shall be prepared by the RFO **or appropriate officer**.
- 2.3 The Finance and General Purposes Committee shall review the estimates and submit them to the Council for consideration at the January 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 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 has been approved by the FGP Committee or the Council.
- 3.3 The RFO shall provide a budgetary control statement for each committee at least quarterly, showing income and expenditure to date under each budget head.
- 3.4 The Clerk may incur expenditure on behalf of the Council which is necessary to effect any repair, replacement or other work which is of extreme urgency and must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £3,000. The Clerk shall confer with the Chairman of the Council and Chairman of the relevant committee, if possible, and report the action to the appropriate committee as soon as practicable thereafter.
- 3.5 Where expenditure is incurred in accordance with 3.4 above and the sum required cannot be met from savings elsewhere in the budget or brought forward

balances, it shall be subject to a supplementary estimate approved by the FGP Committee or 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 committee concerned are satisfied that it is contained within the budget and that the necessary funds are available, or the requisite borrowing approval can be obtained.
- 3.7 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 accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations 1996 as amended.
- 4.2 The RFO shall be responsible for the completion of the Council's annual accounts as soon as practicable after the financial year end and shall submit them to and report thereon to the FGP Committee and full Council.
- 4.3 The RFO shall be responsible for the completion of the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and for submitting the 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 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 Regulation 5 of the above Act. 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 internal auditor shall carry out the work required by the RFO, or by the Council, with a view to satisfactory completion of the internal auditor's report section of the Annual Return as supplied 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 **at least bi-annually** in respect of each financial year.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers required by the 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 the correspondence is of a purely administrative nature.

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 These arrangements shall be inspected on a monthly basis by an authorised signatory of the Council, in rotation, and the invoices file shall be inspected and checked against the ledgers and cheque counterfoils.
- 5.3 All cheques to be signed by two authorised signatories plus the Clerk. 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.

6. PAYMENT OF ACCOUNTS

- 6.1 Apart from petty cash, 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 RFO. Before certifying an invoice, the Clerk shall satisfy herself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.3 Once certified, the RFO shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.4 A Petty cash float of £200 is kept in the safe and should only be used for postage and other very small items of expenditure. A separate record is kept and is checked by an authorised signatory on a monthly basis.

7. PAYMENT OF SALARIES AND WAGES

- 7.1 The payment of salaries and wages shall be authorised by the RFO in accordance with the payslips and reports provided by Acumen Wages Service.
- 7.2.1 Timesheets shall be completed and 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. Any changes should be approved by FGP Committee.
- 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, 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.

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 agreed annually by the Council, notified to the RFO and 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 found to be irrecoverable and any bad debts shall be reported to the Finance and General Purposes Committee 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 in a timely manner.

9.6 The origin of each receipt and relevant reference details 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 ensure the prompt completion of any VAT return that may be required together with monthly repayment claims.

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 RFO.

10.3 All members and officers are responsible for ensuring 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.

10.4 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order.

11. CONTRACTS

11.1 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 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 the 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 £50,000 in value for the supply of goods or materials or for the execution or works or specialist services other than those set out in paragraph (a) the Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list if available, or from established specialised suppliers from whom references shall be obtained.
- 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) 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 in the ordinary course of post. Each tendering firm shall be supplied with a marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- e) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk or properly authorised deputy in the presence of at least one member of the Council.
- f) If less than three tenders are received for contracts above £50,000 in value 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) Any invitation to tender issued shall contain a statement to the effect of Standing Orders relating to canvassing and recommendations by members.
- h) Where contracts to a value of less than £50,000 are to be entered into, other than goods and services referred to in (a) above, the Clerk or RFO shall obtain 3 quotations. Where the value is below £5,000 and above £1,000 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, regulation 10.3 shall apply.

11.2 The Council shall not be obliged to accept the lowest or 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 RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any retention monies specified within 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 by 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 in writing, the Council being informed where the final cost is likely to exceed the financial provision.

13. STORES AND EQUIPMENT

- 13.1 Delivery notes must be obtained in respect of all goods received into store and goods must be checked as to order and quality at the time delivery is made.
- 13.2 Stocks shall be maintained at the minimum levels required for operational purposes.
- 13.3 The RFO shall be responsible for checking all stocks and stores at least annually.

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, 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 does not exceed £500.

15. INSURANCE

- 15.1 The Clerk/RFO shall effect all insurances and negotiate all claims on the Council's insurers. Regard shall be had to any implications arising from the Council's risk assessment procedures.
- 15.2 The RFO shall ensure prompt notification to the insurers 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 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 Clerk 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 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 risk management policy statements in respect of all activities of the Council, with risk lists being maintained in respect of areas of responsibility for each Committee of the Council.
- 17.2 At every meeting of the Council or one of its Committees, the implications for risk management shall be discussed and agreed and, where necessary, the RFO shall ensure that the appropriate risk list is updated accordingly.
- 17.3 In addition to the above, risk management for all the Council's activities shall be reviewed annually by full Council.

18. REVISION OF FINANCIAL REGULATIONS

- 18.1 The Finance and General Purposes Committee shall review the Financial Regulations from time to time and make such recommendations to the Council as appropriate.