



## **TOWCESTER TOWN COUNCIL**

### **FINANCIAL REGULATIONS**

#### **1. GENERAL**

- 1.1 These financial regulations govern the conduct of financial management by 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. (The Town Clerk has been appointed as RFO for this council and these regulations will apply accordingly). The RFO, acting under the policy direction of the council, shall administer the council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the council its accounting record, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the council are maintained and kept up to date in accordance with proper practices.
- 1.3 The RFO shall produce financial management information as required by the council.
- 1.4 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.
- 1.5 The accounting procedures and financial regulations shall be determined by the RFO as required by the Accounts & Audit Regulations 2011.
- 1.6 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 council in respect of revenue and capital including the use of reserves and sources of funding for the following financial year not later than the end of November each year.

- 2.2 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the council.
- 2.3 The council shall review the budget each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.

### **3. BUDGETARY CONTROL**

- 3.1 Expenditure on revenue items may incurred up to the amounts included for that class of expenditure in the approved budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate revenue budget unless a virement has been approved by the council.
- 3.3 The RFO shall periodically provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at the end of each financial quarter.
- 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 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 £2,000.00. The Clerk shall report the action to the council as soon as practicable thereafter. Delegated powers are given to the Clerk to raise cheques/internet payments to pay regular bills and salaries to staff which would be approved retrospectively at the next meeting of the council.
- 3.5 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.
- 3.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the council is satisfied that the necessary funds are available or the requisite borrowing approval has been 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**

All accounting procedures and financial records of the council shall be determined by the RFO as required by the Accounts and Audit Regulations 2011.

#### **4.1 AUDIT**

##### **External Audit**

The council has appointed PKF Littlejohn to carry out this role

##### **Internal Audit**

The council has employed the services of an independent Internal Auditor through Northants C.A.L.C.

##### **Internal Control**

The Chair of the Resources/Planning Committee will carry out Internal Control checks and report back to the council. All Internal Control checks to be minuted.

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 council.

- 4.2 The following principles shall be observed in connection with accounting duties.  
The duty of providing information, calculating, checking and recording sums due to and from the council should be separated as completely as possible from the duty of collecting or dispersing them.

- 4.3 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.

## **5. BANKING ARRANGEMENTS AND CHEQUES**

- 5.1 The council's banking arrangements shall be made by the RFO and approved by the council.

- 5.2 **Three current accounts** shall be maintained at Natwest Bank

Town Hall Account No 07859619

Town Council Account No 07808798

Section 106 Account No 76118150

**Two reserve accounts** shall be maintained at Natwest Bank

Town Hall Account No 12504025

Town Council Account No 12504017

### **Investment Accounts**

Three savings accounts shall be maintained with National Savings

Town Hall Account No 138 067 771

Community Centre Account No 138 076 470

Open Spaces Account No 137 930 650

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 proposed and seconded and authorised by a resolution of the Council.

- 5.3 Cheques drawn on the council's bank account in accordance with the schedule referred to in the previous paragraph shall be signed by two members of the council and the RFO.

- 5.4 Bank statement to be reconciled with Income and Expenditure at the end of each month.

## **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, and shall code them to the appropriate expenditure head. The RFO shall take all 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 shall raise an outgoing sheet and satisfy the audit trail.

- 6.5 All duly certified invoices will be entered on the schedule referred to in 5.2 above.

- 6.6 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Receipts for payments made shall be forwarded to the RFO with a claim for reimbursement.

- 6.7 The RFO shall maintain a petty cash float to a limit of £50 for the purpose of defraying operational and other expenses. Receipts for payments made from petty cash shall be kept to substantiate the payment.

- 6.7a Income received must not be paid into petty cash float but must be separately banked, as provided elsewhere in these regulations.

- 6.7b 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. PAYMENTS OF SALARIES AND WAGES**

**The payment of salaries is recorded on the Sage Payroll System  
All payroll information is saved on disc following the monthly payroll**

The payment of all salaries shall be made by Internet Online Payments.

- 7.1 The online payment schedule will be presented to the Council at the same time as the Cheques Issued List and certified by the Chairman as to accuracy.
- 7.2 Deductions for TAX and N.I.C. to be paid monthly to the Inland Revenue.

## **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 investments should be reported to the Council at the earliest opportunity.
- 8.2 All investments of money under the control of the council shall be in the name of the council.
- 8.4 All borrowings shall be effected in the name of the council.
- 8.5 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 completed, services rendered or goods supplied shall be notified to the RFO and the RFO shall ultimately be responsible for the collection of all amounts 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 council.  
If debts are irrecoverable a minute must record that the debt is written off.
- 9.5 All sums received on behalf of the council shall be banked by the RFO or her assistant.
- 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 the council to another member shall be signed for by the receiving officer.

## **10. ORDERS FOR WORKS, GOODS AND SERVICES**

- 10.1 A purchase 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, i.e. petty cash purchases. Copies of orders issued shall be maintained.
- 10.2 Order books 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 practicable, that the best available terms are obtained in respect of cash transaction.

## **11. CONTRACTS**

- 11.1 Procedures as to contracts are laid down as follows:

- 11.2 Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need 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 legal professionals acting in disputes;
  - 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 £500 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chairman of council); and
  - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- 11.3 Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations<sup>2</sup>.
- 11.4 The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)<sup>3</sup>.
- 11.5 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.
- 11.6 Such invitation to tender shall state the general nature of the intended contract and the Chief Officer 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 Chief Officer 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.
- 11.7 All sealed tenders shall be opened at the same time on the prescribed date by the Chief Officer in the presence of at least one member of council.
- 11.8 Any invitation to tender issued under this regulation shall be subject to Standing Orders 18d, 4 (Based on NALC’s Model Standing Orders) and shall refer to the terms of the Bribery Act 2010.
- 11.9 When it is to enter into a contract of 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 Chief Officer or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £5,000 and above £2,000 the Chief Officer or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.
- 11.10 The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 11.12 Should it occur that the council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision-making process was being undertaken.

## **12. STORES AND EQUIPMENT**

- 12.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.

- 12.2 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.
- 12.3 Stocks shall generally be maintained at minimum levels consistent with operational requirements.
- 12.4 The RFO shall be responsible for annual check of all stocks and stores.

### **13. INSURANCE**

The council holds two Insurance Policies:-

<b>Town Hall / Sawpits Centre</b>	<b>Zurich Municipal YLL-122010 4693</b> Insurance of Town Hall & Sawpits Centre Premises plus Civic Regalia
<b>Town Council</b>	<b>Aviva LCO 01071</b> Public Liability, Employers Liability, Officials Indemnity, Libel and Slander, Fidelity Guarantee, Personal Accident and insurance of the council's assets

The RFO shall effect all insurance and negotiate all claims on the council's insurer.

- 13.1 The RFO shall ensure that all new risks and properties which require to be insured are added to existing insurance 13.2.
- 13.2 The RFO shall keep a record of all insurance effected by the council and the property and risks covered thereby and annually review it.
- 13.3 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.
- 13.4 All appropriate employees of the council shall be included in a suitable fidelity guarantee insurance.
- 13.5 All people who provide services to the council must have adequate insurance to carry out their work.