

WARE TOWN COUNCIL

FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its Meeting held on 19 October 2015

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 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 records, 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 F&R Committee shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.5 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.
- 1.6 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

- 2.1 Each Committee shall formulate and submit proposals to the Finance and Resources Committee 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 F&R Committee.
- 2.3 The F&R Committee shall review the budget not later than the end of January each year and shall make a recommendation to Council on the level of 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 the revenue account may be incurred up to the amounts included in each approved committee budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. 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 or to an earmarked reserve as appropriate.
- 3.3 The RFO shall regularly provide the F&R Committee with a financial report showing the total 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 least 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 £5,000. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 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

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the approved 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 and report thereon to the F&R Committee.
- 4.3 The RFO shall complete 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 and Audit Regulations.
- 4.4 The RFO shall ensure that there is 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.
- 4.5 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 respect 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.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.
- 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 matter.

5. BANKING ARRANGEMENTS AND CHEQUES

- 5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.

- 5.2 The Finance, & Resources Committee shall have delegated powers to authorise signatories to receive a schedule of the payment of money produced by the RFO together with the relevant invoices etc. If the schedule is in order it shall be signed by two authorised councillors on completion of signing of the cheques.
- 5.3 Copies of the signed schedules, autopay sheets, bank transfer letters and other authorised money movements shall be available for inspection by any Councillor.
- 5.4 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, shall be signed by two members of Council and countersigned by the Clerk.

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 Clerk. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order within 30 days of their receipt.
- 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 Clerk and RFO certify that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
- 6.5 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 as petty cash float of £150 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 payments presented to Council under 5.2 above.

- 6.6 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. The approval of the use of a variable Direct Debit shall be renewed by resolution of the council at least every two years
- 6.7 If thought appropriate by the council, payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to council as made. The approval of the use of a banker's standing order shall be renewed by resolution of the council at least every two years
- 6.8 If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 6.9 If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.10 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
- 6.11 No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council or a duly delegated committee.
- 6.12 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.

- 6.13 The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.14 Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.
- 6.15 Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.16 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by [two of] the Clerk [the RFO][a member]. A programme of regular checks of standing data with suppliers will be followed.
- 6.17 Any Debit Card issued for use will be specifically restricted to the Clerk and the RFO and will also be restricted to a single transaction maximum value of £500 unless authorised by council or finance committee in writing before any order is placed.
- 6.18 A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the Finance & Resources Committee. Transactions and purchases made will be reported to the relevant committee and authority for topping-up shall be at the discretion of the relevant committee.
- 6.19 Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk and the Facilities Supervisor and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances.

7 PAYMENT OF SALARIES

- 7.1 As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, 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 stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council Meeting.

7.3 All time sheets shall be certified as to accuracy by or on behalf of the Clerk.

7.4 The Clerk shall be authorised to make alternative staffing arrangements either by the engagement of temporary staff, and the putting out of work if practicable, or by special overtime, when considered necessary due to sickness, staff vacancies or other exceptional circumstances, provided the cost will not cause the revenue or capital vote to be exceeded.

7.5 The Clerk shall be authorised to implement any relevant pay awards and changes in conditions of employment as may be agreed at national level.

8 LOANS AND INVESTMENTS

8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.

8.2 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.

8.3 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, 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.

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 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 Council 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 with such frequency as the RFO considers necessary.
- 9.6 The origin of each receipt 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 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 annually coinciding with the financial year end.
- 9.9 Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

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 Purchase orders for works, goods, or services up to an estimated value of £3,000 need not be subject to the competitive bid requirement in 11.1. Three formal quotations will be sourced (wherever possible) for orders for works, goods, or services between an estimated value of £3,000 and £25,000. All Officers are responsible for obtaining value for money at all times. An Officer raising a requisition for an order is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction.
- 10.4 Before entering into a contract or issuing an order for execution of any work or the supply of goods or materials which is estimated to exceed £25,000 but not to exceed £60,000 in value the contract will be advertised on the Contracts Finder website.
- 10.4 The RFO 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 RFO 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.

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 and RFO shall act after consultation with the Chairman and Vice Chairman of 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:

- (i) exceeding £60,000 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) this will be procured on the basis of a formal tender as follows:-
 - a) a public notice of intention to place a contract to be placed in a local newspaper and on the Contracts Finder website;
 - b) a specification of the goods, materials, services and the execution of works shall be drawn up and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases;
 - c) tenders are to be sent, in a sealed marked envelope, to the Clerk by a stated date and time;
 - d) tenders submitted are to be opened, after the stated closing date and time, by the Clerk and at least one member of Council;

- e) tenders are then to be assessed and reported to the appropriate meeting of Council or Committee.
- 5) The Council, nor any Committee, is not bound to accept the lowest tender, estimate or quote. Any tender notice shall contain a reference to the Standing Orders 58, 61 & 62 regarding improper activity.

(f) If less than three tenders are received for contracts above £60,000 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.

(h) 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 Clerk 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 Clerk 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 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

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 shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.

13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.

- 13.4 The Clerk shall be responsible for periodic checks of stocks and stores at least annually.

14 ASSETS, 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 Clerk 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 Accounts and Audit Regulations.
- 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 of tangible movable property does not exceed £250.
- 14.3 The Clerk 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, where appropriate in conjunction with a health and safety inspection of assets.

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 shall give prompt notification to the Finance & Resources Committee of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 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 shall report these 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.

16 TRAVELLING, SUBSISTENCE, FINANCIAL LOSS AND ATTENDANCE ALLOWANCES

- 16.1 All claims for payment of car allowances, subsistence allowances, travelling and incidental expenses shall be submitted duly certified in a form approved by the Town Clerk, to him made up to a specified day of each month within seven days thereof.

16.2 Payment of Members, including co-opted Members of the Council or its Committees who are entitled to claim travelling or other allowances will be made by the Town Clerk upon receipt of the prescribed form duly completed and the Town Mayor's Allowance shall be agreed annually by the Council.

16.3 The certifications shall be taken to mean that the Certifying Officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Council.

16.4 The motor insurance policy of any claiming employee required to use his car on Council business shall cover, by endorsement or otherwise, the official use of the motor car or motor cycle in the service of the Council.

17 CHARITIES

17.1 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.

18 RISK MANAGEMENT

18.1 The council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the council, 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.

18.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

19 REVISION OF FINANCIAL REGULATIONS

19.1 It shall be the duty of the Finance & Resources Committee to review the Financial Regulations of the Council from time to time and to make such recommendations to the Council as the Committee considers are required. 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.

20 INTERPRETATION

20.1 Any question arising on the interpretation of these regulations shall be referred to the Finance and Resources Committee whose decision shall be final.

These regulations also apply to all matters where the Council is acting as Trustee of the Priory Charity.

