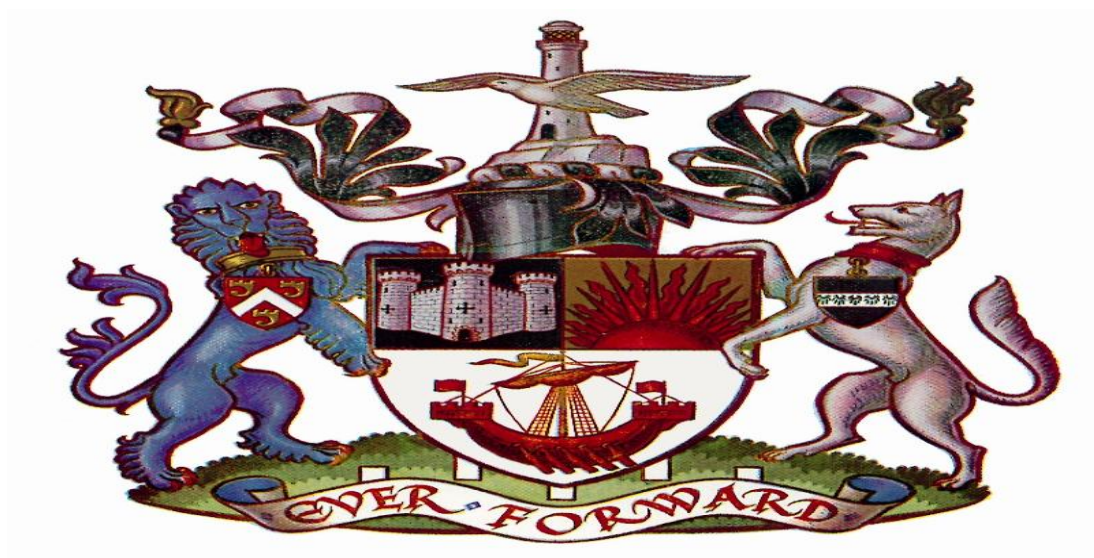


## WESTON-SUPER-MARE TOWN COUNCIL



## FINANCIAL REGULATIONS

(Adopted 14<sup>th</sup> March 2016)

These Financial Regulations were adopted by the Council at its meeting held 14<sup>th</sup> March 2016..

### 1. General

- 1.1 These financial regulations 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 Council, shall be responsible for the proper administration of the Council's affairs. Allowing that delegation to other members of staff is necessary, the Responsible Financial Officer's duties are as follows.

- 1.1.1 Prepare Financial Reports for the Council and Committees as required. These reports will cover budget monitoring, fund balances, receipts, payroll, payments of accounts and other relevant financial matters
- 1.1.2 Prepare Draft Estimates which, when approved by the Council, will form the Annual Budget for monitoring and control purposes, as well as report on comparisons between actual and budgeted expenditure to appropriate committees and the Council.
- 1.1.3 Submit the Precept to the District Council.
- 1.1.4 Control the banking of all money received and payments expended by the Council, manage cash flow and control investments and bank transfers.
- 1.1.5 Ensure that all money due to the Council is billed, collected and banked promptly.
- 1.1.6 Identify the duties of all officers responsible for financial transactions and ensure, as far as possible, the division of responsibility of those officers to avoid potential conflict.
- 1.1.7 Control and manage all payments by cheque, autopay, Bank Transfer / BACS, cash or Direct Debit.
- 1.1.8 Undertake the overall management of payroll including the Local Government Pension Scheme. Ensure the prompt payment of tax and national insurance payments at the correct times and ensure, where appropriate, the prompt payment of sums due to the Pension Authority.
- 1.1.9 Ensure all VAT returns are submitted promptly and VAT inspections are dealt with in a proper and timely manner.
- 1.1.10 Ensure that all invoices for payment are allocated to the correct expenditure heads.
- 1.1.11 Ensure the production of final accounts and financial statements and report to the appropriate committee and Council in accordance with the Accounts and Audit (England) Regulations 2011 and the Audit Commission Act 1998.
- 1.1.12 Ensure the productions of accounts and records for external audit in accordance with the Accounts and Audit (England) Regulations 2011 and the Audit Commission Act 1998.
- 1.1.13 Monitor compliance with the Council's Financial Regulations to ensure correct financial systems are in place and to ensure compliance with accounting requirements and legislation.
- 1.1.14 Manage insurance and other risks, process claims as necessary and report as appropriate to the Council or appropriate Committee.
- 1.1.15 Maintain the Council's register of property and assets as required by section 5 (3b) of the -Accounts and Audit (England) Regulations 2011

## **2 Annual Estimates**

- 2.1 The policy and Finance Committee, together with each Standing Committee, shall formulate and submit proposal to the Council in respect of Revenue and Capital costs for the following financial year not later than the end of November each year.
- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO
- 2.3 The Council shall review and set the Budget not later than the end of ~~December~~ January each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved Budget
- 2.4 The annual Budget shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall prepare and have regard to a 5 year forecast (Medium Term Financial Plan) which shall be prepared and reviewed annually.

## **3. Budget Control**

- 3.1 Expenditure on Revenue items may be incurred up to the amounts included in the approved budget. Virement within individual budget headings shall be delegated to the Town Clerk having been prepared by the RFO. Virement between one cost centre and another shall be determined by the Town Council.
- 3.2 No expenditure may be incurred which will exceed the amount provided in the revenue budget without reference to the Policy and Finance Committee, who may decide to refer the matter to the Town Council
- 3.3 The RFO shall provide the Policy and Finance Committee and the Council with a monthly statement of Income and Expenditure under each head of the budgets, comparing actual expenditure against the Budget.
- 3.4 The Town 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 a budgetary provision for the expenditure, subject to a limit of £5,000. Such decisions will be reported to the Town Council at the earliest opportunity.
- 3.5 The Town Clerk, together with the Leader of the Council and Chairman of the Policy and Finance Committee, shall be authorised under extreme urgency to incur such expenditure up to the sum of £10,000. Such decision will be reported to the Town Council at the earliest opportunity.

- 3.6 Unspent provisions in the Revenue budget shall not be carried forward to a subsequent year unless approved by the Policy and Finance Committee.
- 3.7 No expenditure shall be incurred in relation to any Capital project and no contract entered into tender accepted involving Capital expenditure unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 3.8 All 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 (England) Regulations 2011
- 4.2 The RFO shall be responsible for completing the annual financial statements of the Council as soon as practicable after the financial year and shall submit them and report thereon to the Council.
- 4.3 The RFO shall be responsible for ensuring completion of all accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed) and for submitting the Annual Return for approval and authorisation by the Council within the timescale set by the Accounts and Audit (England) Regulations 2011 as amended or set by the auditor.
- 4.4 The RFO shall be responsible for ensuring that there is an independent, adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit (England) Regulations 2011 as amended. 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 An Internal Auditor, who shall be competent and independent of the operations of the Council, shall be appointed by the Council. The Internal Auditor will report to the Council in writing as per the agreed Internal Audit plan with a minimum of one annual report in respect of each financial year.
- 4.6 The Internal Auditor shall carry out work required by the RFO and the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled.

- 4.7 The RFO shall make arrangements for the opportunity for inspection of the accounts, books and voucher required by the Accounts and Audit (England) Regulations 2011 and the Audit Commission Act 1998 section 15 and any subsequent amendments thereto.
- 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 The Council's and Youth Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of the payments made, forming part of the agenda, shall be presented to each meeting of the Policy and Finance Committee. If the schedule is in order it shall be authorised by a resolution of the Council and shall form part of the Minutes of the meeting.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in Paragraph 5.2 or with paragraph 6.7 shall be signed by 2 nominated members of the Council.
- 5.4 To indicate agreement of the details shown on the cheque or order for payments the signatories shall each also sign the schedule presented with the cheques for signature.

## **6 Payment of Accounts**

- 6.1 All payment shall be effected by cheque or other payment drawn on the Council's Bankers
- 6.2 All invoices for payments shall be examined and verified by the finance department and then certified by the RFO who 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 Finance department shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The approved Spending Officer or RFO shall approve the invoices for payment.
- 6.4 The RFO shall maintain a Petty Cash float of £250 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.

Other Petty Cash Floats will be:-

- Grounds - £50
- Museum - £100

- 6.5 Income received must not be paid into the Petty Cash Float but must be separately banked, as provided elsewhere in these regulations.
- 6.6 Payments to maintain Petty Cash Float shall be shown separately on the schedule of payments presented to Council under 5.2 above.
- 6.7 If payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debt (interest) Act 1998 and the due date for payment is before the next scheduled Meeting of the Policy and Finance Committee, where the RFO certifies that there is no dispute or other reason to delay payment the Clerk may (not withstanding 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 the Policy and Finance Committee.
- 6.8 Small local businesses will be paid before the next scheduled Meeting of the Policy and Finance Committee if necessary, subject to the RFO certifying that there is no dispute or other reason to delay the payment.
- 6.9 The Town Council operates on an Imprest Account for the day to day administration and salaries.
- a) The balance of the Imprest Account is determined by the Policy and Finance Committee and is reimbursed monthly as such.
  - b) Funds are transferred into the Imprest Account by approval and cheque or bank transfer / BACS signed by two nominated members from the Policy and Finance Committee.
  - c) Imprest cheques are to be signed by two out of four administrative members of staff.

## **7 Payment of Salaries**

- 7.1 The Payment of 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.

## **8 Loans and Investments**

- 8.1 All loans and investments shall be negotiated in the name of the Council and shall be set for a period in accordance with the Council's Treasury Management Strategy.
- 8.2 The Council's Investment Policy shall be in accordance with the Trustee Act 2000 and shall be reviewed on a regular basis.
- 8.3 All investments and 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 the necessary borrowing approval. Any application for borrowing approval shall be approved by the Council as to terms and purpose.
- 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 The Council will review all fees and charges annually following a report by the RFO or other relevant officer.
- 9.3 All sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year. Any bad debts amounting to less than £100 may be written off by the RFO by reported to the Council at the next appropriate meeting.
- 9.4 All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all income shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.5 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.6 The RFO shall ensure that any VAT Return that is required is promptly completed. Any payment claim due in accordance with VAT Act 1994 section 33 shall be made quarterly.
- 9.7 Where any significant sums of cash are received by the Council, the RFO shall take such steps as are necessary 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 Works, Goods and Services**

10.1 A Purchase Order or letter shall be issues for all works, goods and services unless a formal contract is prepared or an official order would be inappropriate. Copies of orders shall be retained and attached to invoices.

10.2 All members and Officer 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 provision in Regulation 11 below and Standing Order 39.2. (Full details are described within the Council's approved procurement guide).

10.3 Order books shall be controlled by the RFO.

10.4 The RFO /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 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 (as one example: grants).

## **11 Contracts**

11.1 Procedures as to contracts are laid down as follows:

**11.2 *Any procurement and award of contracts covered by the 2015 Regulations which have a estimated value of £25,000 or more must satisfy the requirements of the 2015 Regulations which include use of the Contracts Finder website.***

11.1.1 Every contract shall comply with these financial regulations and no exceptions shall be made other than in an emergency as described at regulation 3.5 provided that these Regulations shall not apply to contacts which relate to items 1 to 5 below

1. for the supply of gas, electricity, water, sewerage and telephone services.
2. for specialist services such as provided by solicitors, accountants, surveyors and planning consultants.



3. for works to be executed or goods/materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant.
  4. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council.
  5. for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
  6. for additional audit work of the external Auditors up to an estimated £250 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of Policy & Finance Committee);
- 11.1.2 Where it is intended to enter into a contract exceeding £5,000 in value for the supply of goods or materials or for the execution of works or specialist services other than those exceptions listed in paragraph 11.1.1 the RFO shall act in accordance with Standing Order 39.
- 11.1.3 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 Resolution of the Council.
- 11.1.4 Any invitation to tender shall state the general nature of the intended contract and the Town Clerk / RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall, in addition, state that the tenders must be addressed to the Town Clerk 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.
- 11.1.5 All sealed tenders shall be opened at the same time on the prescribed date by the Town Clerk or RFO in the presence of at least two Members of the Council.
- 11.1.6 If less than three tenders are received for contract above £10,000 or if all the tenders are identical the Council may make such an arrangement as it thinks fit for procuring the goods or materials or executing the works.
- 11.1.7 Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 39(e) and 39(f).

- 11.1.8 When it is intended to enter into a contract of less than £7,500 in value for the supply of goods or materials or for the execution of works or specialist services other than those exceptions listed in paragraph 11.1.1, the RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £100 the RFO shall strive to obtain three estimates. Otherwise, regulation 10 (2) above shall apply.
- 11.1.9 The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 11.1.10 The Council will work within its Procurement Policy.

## **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 percentage retention as may be agreed in the particular contract).
- 12.2 Where contracts provide for payments by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of the work carried out under contract, excluding agreed variations, will exceed the contract sum by 5% or more a report shall be submitted to the Council.
- 12.3 Any variations or additions to or omission from a contract must be approved by the Town 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 store 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 RFO shall be responsible for the periodic checks of stocks and stores at least annually.

## **14 Properties and Estates**

- 14.1 The Town Clerk shall make appropriate arrangements for the custody of all title deeds of the 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 help in accordance with Regulation 4(3)(b) of Accounts and Audit (England) Regulations 2011 or 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 by law, save where the estimated value of any one item of tangible movable property does not exceed £100, in which case the Town Clerk may make the decision to dispose.

## **15 Insurance**

- 15.1 Following an annual risk assessment, the RFO shall effect insurances and negotiate all claims on the Council's insurers.
- 15.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.3 The RFO shall be notified of any loss, liability, damage or any event likely to lead to a claim and shall report these to Council at the next available meeting.
- 15.4 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 the sole Trustee of a Charitable body the 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 RFO shall arrange for any Audit of Independent Examination as may be required by Charity Law or any Governing Document.

## **17 Risk Management**

- 17.1 The RFO shall carry out Risk Assessment and Management using a robust, proportionate and appropriate method across all activities of the Council together with Risk Management Policy.
- 17.2 All reports prepared for a decision by the Town Council shall include sections on “Financial Implications” and “Risk Assessments”.

**18 Revision of Financial Regulation**

- 18.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time.

