

SHILDON TOWN COUNCIL

FINANCIAL REGULATIONS

May 2012

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FINANCIAL REGULATIONS

DESCRIPTION OF TERMS

The Town Clerk is the proper officer of the Town Council for the purpose of Section 112 of the Local Government Act 1972 and is also the responsible financial officer for the purpose of Section 151 of the Act.

In the event that the Town Clerk is unable to act owing to illness or absence the Deputy Town Clerk shall be nominated to act on his behalf for the purpose of these Regulations.

In these regulations 'responsible officer acting on behalf of the Council' is taken to mean specialist support which may be required to support the activities of the Council e.g. architect for capital works etc.

In these regulations relevant line manager is taken to mean the Town Clerk, Deputy Town Clerk, Civic Hall Manager and Works Supervisor.

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 Town Clerk shall act as financial adviser to the Council and shall be responsible for the proper financial administration of the Council's affairs.
- 1.3 The Town Clerk shall be responsible for the production of financial management information.
- 1.4 It shall be the duty of the Resources Committee to regulate and control the finances of the Council. It is also the duty of this Committee to ensure that all members and officers take due regard in all financial affairs to the duties and responsibilities imposed on the Council.
- 1.5 The Town Clerk shall be consulted before any officer enters into any commitment which is likely to affect the finances of the Council.

2. ANNUAL ESTIMATES

- 2.1 Annual estimates of both revenue and capital income and expenditure shall be prepared by the Town Clerk who shall submit a report to the Council for the ensuing year based on these initial estimates.

2.2 The Council shall review the estimates not later than the end of January each year and fix the Precept to be levied for the ensuing financial year. The Town Clerk shall supply each member with a copy of the approved financial estimates.

2.3 The annual estimates shall form the basis of financial control for the ensuing year.

3. BUDGETARY CONTROL

3.1 The Town Clerk shall provide the Resources Committee with a monthly statement detailing expenditure and income to date against the approved estimates.

3.2 The Town Clerk may provide a budget revision at or around the middle of the year and may make recommendations regarding virement for consideration by the Council dependant upon the financial performance during the year.

4. VIREMENT

4.1 The Town Clerk may authorise any virement proposal up to £1,000 where no change in Council policy is involved. Virement proposals in excess of £1,000 or involving a change in Council policy shall only be authorised by the Council.

5. SUPPLEMENTARY ESTIMATES

5.1 Before incurring any expenditure not included in an approved estimate and where virement is not possible, the Town Clerk shall submit to the Council a request for a supplementary estimate. A request for a supplementary estimate shall be accompanied by a detailed statement in support of the expenditure proposed giving reasons why the expenditure cannot be found by economies in other budget areas.

6. ACCOUNTING RECORDS AND CONTROL SYSTEMS

6.1 All accounting procedures and financial records of the Council shall be determined by the Council as required in accordance with the provisions of the Accounts and Audit Regulations 2011.

6.2 The Town Clerk shall be responsible for completing the annual statement of accounts of the Council in accordance with the provisions of the Accounts and Audit Regulations 2011.

6.3 The Town Clerk shall be responsible for submitting the annual statement of accounts for approval by the Council within the timescale set by the Accounts and Audit Regulations 2011.

6.4 The Town Clerk shall be responsible for the publication of the annual statement of accounts in accordance with the provisions of the Accounts and Audit Regulations 2011.

7. INTERNAL AUDIT

7.1 The Town Clerk 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 the provisions of the Accounts and Audit Regulations 2011. Any officer or member of the Council shall make available such documents and any other records that appear necessary for the purpose of the audit and shall supply such information and explanation as is required for the purpose of the audit.

8. IRREGULARITIES

8.1 Any officer or member of the Council who becomes aware of any financial irregularities or suspected irregularities shall immediately notify the Town Clerk who shall take such steps as he considers necessary, taking into account the nature of the irregularity, by way of investigation and report. If it is found that any significant loss has been incurred it shall be the responsibility of the Town Clerk to inform the Council and the external auditor.

9. BANKING/TREASURY ARRANGEMENTS

9.1 The Council's banking and treasury arrangements shall be made by the Town Clerk and approved by the Council. They shall be regularly reviewed for efficiency. The Council will operate in accordance with C.I.P.F.A.'s Code of Practice for Treasury Management.

9.2 The Town Clerk is responsible for the control and issue of cheques.

9.3 All cheques drawn on the Council's current account must have three signatures consisting of any 2 from the Town Mayor, Chairman of Resources Committee or Vice-Chairman of Resources Committee and any 1 from the Town Clerk or Deputy Town Clerk.

10 LOANS AND INVESTMENTS

- 10.1 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 and any relevant Government directive.
- 10.2 All borrowings shall only be made after obtaining any necessary borrowing approval the terms and purpose of which shall be approved by the Council.
- 10.3 All investment certificates and other documents relating thereto shall be retained in the custody of the Town Clerk.

11 CONTROL OF INCOME

- 11.1 The Town Clerk shall ensure that adequate and effective arrangements exist to maximise income collection for all sums due to the Council, including the maintenance of proper records and control systems for all cash handled in all sections of the Council.
- 11.2 The origin of each receipt shall be entered into a receipt book. All receipt books relating to the collection of income shall be ordered and controlled by the Town Clerk.
- 11.3 Charges made for work carried out, services rendered or goods supplied shall be in accordance with those last agreed by the Council. In the event that a charge is to be made and a charging policy is not in force, then the Council will need to adopt a policy.

The Council will review all fees and charges annually, following a report from the Town Clerk, as part of the process to determine the annual precept.
- 11.4 The Town Clerk shall write off sums up to £500 where he considers that the recovery process has been exhausted and where further attempts at recovery would not be cost effective. In bankruptcy and liquidation cases, the Town Clerk shall write out of the Council's accounts the full amount of monies due and thereafter pursue the Council's claim in accordance with the statutory process. Any other sums shall not be written off in the Council's records without the authority of the Council.
- 11.5 All sums received on behalf of the Council shall be banked intact as directed by the Town Clerk. In all cases, all such sums shall be deposited with the Council's bankers with such frequency as the Town Clerk considers necessary.
- 11.6 Where the Council receives any significant sums of cash the Town Clerk shall take steps as are *necessary* to ensure that more than one person is present when the cash is counted. Where appropriate, cash

should be reconciled to some form of control such as till rolls, ticket sales etc.

- 11.7 The Town Clerk shall ensure that appropriate care is taken in the security and safety of individuals banking cash.
- 11.8 All grant claims to any Government department or other organisation shall be made by the Town Clerk or by agreement with him.

12 CONTROL OF EXPENDITURE

- 12.1 No expenditure shall be incurred unless such expenditure is made in accordance with the expressed policy and financial regulations of the Council and is provided for in the annual estimates, or any supplementary estimates, approved by the Council.
- 12.2 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.
- 12.3 All members and 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 each transaction, usually by obtaining three or more quotations or estimates from suppliers, subject to an agreed de minimis level of £1,000.
- 12.4 The procedure as laid down in 12.3 may be inappropriate when it is necessary for the Council to acquire goods or services of a specialist nature. In this case the Town Clerk shall consult with the appropriate Committee Chairman/Vice-Chairman and agree the firms to be invited to tender. All firms invited to tender must satisfy the Town Clerk of their technical, financial and any other legislative capability before any contract is awarded.
- 12.5 Where expenditure is required to cover emergency works i.e. in the case of Health and Safety issues, the Town Clerk is authorised to incur such expenditure following consultation with the appropriate Committee Chairman/Vice Chairman.
- 12.6 All invoices and claims shall be checked in the manner and to the extent as agreed by the Town Clerk. Following examination and authorisation by the Town Clerk or other line manager processing for payment will be carried out in accordance with agreed procedures.

13 PETTY CASH

- 13.1 The Town Clerk shall provide such advances as considered appropriate for such officers of the Council as necessary for the payment of minor expenses.
- 13.2 Wherever possible, and in all cases where VAT is charged, payments from petty cash should be supported by a receipt or other proof of payment.
- 13.3 Petty cash will be reimbursed on receipt of the appropriate form, signed by the officer responsible and supported by the relevant receipts of proof of payment.
- 13.4 Petty cash must be kept in a locked safe.

14 CONTRACTS

14.1 Under £10,000

Where it is intended to enter into a contract exceeding £1,000 in value but less than £10,000 for the supply of goods or materials or for the execution of works, such contract shall have previously been agreed by the Council or appropriate Committee. The Town Clerk shall invite at least three suppliers/contractors to submit quotations for the contract. The Town Clerk shall award the contract and report the details to the Council or appropriate Committee. If the lowest quotation is not to be accepted the Town Clerk will report before awarding the contract with reasons justifying the rejection of the lowest tender.

14.2 Over £10,000

Where it is intended to enter into a contract of value exceeding £10,000 for the supply of goods or materials or for the execution of works, such contract shall have previously been agreed by the Council or appropriate Committee. The Town Clerk shall place an advertisement in an appropriate publication inviting tender submissions. Such tenders to be forwarded to the Council Offices in the appropriate envelope before the date stipulated in the tender documents. Tenders shall be opened by the Town Clerk in the presence of the relevant Chairman and Vice-Chairman on the date specified and shall be reported to the Council or appropriate Committee. If the lowest quotation is not to be accepted reasons justifying the decision will have to be recorded.

General

- 14.3 If no tenders are received or if all the tenders are identical the Council may make such arrangements for procuring the goods or materials or executing the works as it thinks fit.
- 14.4 Every contract entered into by the Council shall be in writing and should specify all information relevant to the work as requested by the notice to tender.
- 14.5 All works carried out by a contractor must be in compliance with the relevant Health and Safety Regulations.
- 14.6 The Town Clerk shall keep a register of all construction-related contracts or sub-contracts entered into.
- 14.7 Every variation of, or addition to, a contract notified to the contractor in writing by a responsible officer acting on behalf of the council shall be made available to the Town Clerk.
- 14.8 Payments on account to contractors shall be authorised only on the certificate signed by the appropriate officer showing the original amount of the contract, the value of work executed to date, retention money, amount(s) certified to date and the amount(s) now certified.
- 14.9 The prior approval, in writing, of the Council shall be obtained to any variations or additions to a contract involving the council in a material increase in costs above the accepted tender figure. Where such additional expenditure relates to a capital scheme, every effort must be made to meet the costs from within the overall Capital Programme. If this is not possible, a report must be submitted to the Council.
- 14.10 A final certificate in respect of completed work/supply shall not be issued until the contractor/sub-contractor has furnished a detailed statement of account of the whole of the work supported by vouchers, documents and relevant information.

15 LEASING

- 15.1 The Town Clerk shall be responsible for the negotiation and management of leasing agreements where expenditure has been authorised by the Council.

16 CAPITAL PROGRAMME

- 16.1 A capital programme shall be considered annually by the Council.

- 16.2 Programmes shall be drawn up by the Town Clerk and submitted to Council for consideration. The programme shall be accompanied by a written report detailing financial resources available (including grants) to fund the programme.
- 16.3 The Town Clerk shall, before the commencement of any capital scheme, submit a report to the Council on the proposals including the relevant financial information.

17 SALARIES AND WAGES

- 17.1 The Town Clerk shall ensure that all timesheets are certified and processed in accordance with approved procedures.
- 17.2 The Town Clerk shall keep records of salaries and wages and all relevant deductions relating to the Council's employees.
- 17.3 The Town Clerk shall maintain records of employees' absences, overtime, appointments, resignations, etc. in order to substantiate salaries and wages payrolls.
- 17.4 The Town Clerk shall be responsible for the payment of salaries and wages to all Council employees.
- 17.5 Where appropriate payment to Members for travel and subsistence shall be made in accordance with nationally agreed rates.

18 STOCKS AND STORES

- 18.1 The relevant line manager shall be responsible for the care and custody of stores and equipment relevant to the area of their operational responsibilities.
- 18.2 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.
- 18.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 18.4 Any stock variations or obsolescence revealed in items of stock should be reported to the Town Clerk who may authorise deficiencies etc. to be written off.
- 18.5 The Council's property shall not be removed otherwise than in accordance with the ordinary business of the Council or used otherwise than for Council purposes.

19 PROPERTY AND ESTATES

- 19.1 The Town Clerk shall make appropriate arrangements for the custody of all title deeds of property owned by the Council. A record should be maintained recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with the provisions of the Accounts and Audit Regulations 2011.

20 INSURANCE

- 20.1 The Town Clerk shall determine, after appropriate consultation, the extent to which an identified risk is to be covered by insurance.
- 20.2 The Town Clerk shall be promptly notified of all new risks, properties, vehicles etc. or of any alterations in circumstances affecting existing cover.
- 20.3 It shall be the duty of the Town Clerk to make all claims arising out of insurance and he must be furnished immediately with full particulars of any occurrence involving actual or potential loss to the Council or arising out of which a claim may be made by or against the Council which is covered by insurance and shall furnish as soon as possible an estimate of the cost of making good any damage.

21 ACCOUNTING MANUALS AND INSTRUCTIONS

- 21.1 The Town Clerk will ensure that all operating procedures of all significant systems are comprehensively documented and regularly reviewed.

22 SECURITY

- 22.1 The Town Clerk shall be responsible for maintaining proper security of all buildings, stocks, stores, furniture, equipment, cash etc. of the Council. The Town Clerk shall be consulted where security is considered to be defective or where special security arrangements are thought appropriate.
- 22.2 Maximum limits for cash holdings shall be agreed with the Town Clerk and shall not be exceeded without his express authority.

23 RISK MANAGEMENT

- 23.1 The Town Clerk shall prepare and promote Risk Management policy statements in respect of all activities of the Council.

23.2 When considering any new activity the Town Clerk shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

23.3 The Town Clerk shall undertake an annual Corporate Risk Assessment and prepare an annual Corporate Risk Action Plan for approval by the Council.

24 REVISION OF FINANCIAL REGULATIONS

24.1 It shall be the duty of the Council to review these Financial Regulations periodically and at least every 2 years.