

# SYSTON TOWN COUNCIL

## FINANCIAL REGULATIONS

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These Financial Regulations were adopted by the Council at its Full Council Meeting held on 24.11.2015.

## **1. GENERAL**

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.

The Town Manager 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.

The RFO to provide a record of the assets and Liabilities of the Council.

The RFO shall produce financial management information as required on a quarterly basis.

The RFO to keep under regular review the bank mandate for all the Council's bank accounts.

To approve any grant or single commitment in excess of £5,000.

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.

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.

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 BUDGET**

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.

Each committee shall formulate and submit proposals to the Resources Committee in respect of revenue and Capital Projects for inclusion in the rolling Capital programme not late than the end of October annually.

The Council shall review the budget not later than the January meeting 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.

## **3. BUDGETARY CONTROL AND AUTHORITY TO SPEND**

All expenditure shall be authorised by the Council before being incurred. The RFO shall regularly 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 least at the end of each financial quarter.

Expenditure on the revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. The authority to be determined by:

The Resources Committee of the Council for items over £500.

The Town Manager or Deputy Town Manager in conjunction with the Chairman of the Council or Chairman of the Resources Committee for any item below £500 within the approved Budget for the item.

Contracts may not be disaggregated to avoid controls imposed by these regulations.

The Town Manager in conjunction with the Chairman of the Council or Chairman of Resources 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 Town Manager shall report the action to the Council as soon as practicable thereafter. The limit set for the Deputy Town Manager shall be £2,500 or £5,000 when covering for the Town Manager, and the limit set for the Senior Administrator is £2,500. In both cases this authority is to be exercised in conjunction with the Chairman of the Council or Chairman of the Resources Committee. Such authority is to be evidenced by an authorisation slip duly signed by the Town Manager and Chairman of the Council or Chairman of the Resources Committee.

Unspent provisions in the revenue budget or Capital Budget for completed projects shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the council.

No expenditure shall be incurred in relation to any Capital project and no contract entered into or tender accepted involving expenditure on the Capital account unless the Resources Committee is satisfied that it is contained in the rolling Capital Programme and that the necessary Capital funds are available, or the requisite borrowing approval is obtained.

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 Resources Committee or the Council, except in special circumstances.

All Capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

The Town Manager shall have the authority to spend the Administration cost item of the budget on expenditure necessary with the operation of the Town council office.

If thought appropriate by the Council, payments for certain items may be made by Bacs or Chaps methods or Internet Banking provided that instructions for each payment are signed or otherwise evidenced by two authorised bank signatories and are retained and any payments are reported to Council as soon as possible thereafter. The Bacs payment sheet for the salaries to be signed by the Town Manager or Deputy Manager and a second person.

Any Corporate Credit Card or trade card account opened by the Council will be specifically restricted to use by the Town Manager/ Deputy Town Manager, or under specific instruction to other members of staff and shall be subject to automatic payment in full at the end of each month. Personal credit or Debit cards of members of staff shall not be used under any circumstances.

Where Internet banking arrangements are made with any bank, the Town Manager and Deputy Town Manager shall be appointed the Administrators. The Bank Mandate approved by Council shall identify a

number of Councillors who will be authorised to approve transactions on these accounts. The Bank Mandate will state clearly the amounts of payments that can be instructed by use of the Service Administrators alone, or by the Service administrator with a stated number of approvals.

Changes to the 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 the RFO.

To authorise the Town Manager, Deputy Town Manager and Senior Administrator to perform inter account transfers in the daily running of the Council.

The RFO must each year, by no later than December prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the relevant committee.

The approved annual budget shall form the basis of financial control for the ensuing year.

#### **4. ACCOUNTING AND AUDIT**

All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations. 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.

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. 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 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.

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 CHEQUES AND DEBIT CARD**

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.

A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO and, together with the relevant invoices, be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be included in the minutes of the meeting

Cheques drawn on the bank account, shall be signed in accordance with the Bank Mandate for the account, which has been authorised by the Council.

A Debit Card will be authorised for use by the Town Manager, Deputy Town Manager and Senior Administrator. Daily withdrawals will be restricted to £250 per day at an ATM machine. When not in use, the Debit Card will be kept at the Council Office.

Monthly Financial Reports to the Resources Committee will itemise cash withdrawals from ATM machines.

#### **6. PAYMENT OF ACCOUNTS**

All payments shall be effected by cheque or other order drawn on the Council's bankers.

All invoices for payment shall be examined, verified and certified by the Town Manager.

If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998 reason to delay payment, the Town Manager may 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.

- a) The RFO shall maintain as petty cash float of £250 for the purpose of defraying expenses. Vouchers for payments 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.

## **7. PAYMENT OF SALARIES**

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.

No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without prior consent of the Council or relevant committee.

The total payments in each calendar month shall be reported with all other payments made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.

## **8. LOANS AND INVESTMENTS**

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.

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.

All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## **9. INCOME**

The collection of all sums due to the Council shall be the responsibility of the RFO.

Personal cheques shall not be cashed out of money held on behalf of the Council.

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.

The Council will review all fees and charges at least annually, following a report from the Town Manager.

Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

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

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.

All members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction

The following provisions shall apply:

- A) Up to £1,000 – obtain prices informally to demonstrate value for money.
- B) £1,001 - £5,000 – obtain at least two written quotations.
- C) £5,001 - £50,000 – obtain at least three written quotations based on detailed specification.
- D) £50,001 and above – the tender procedure rules set out below apply.

In respect of A, B, C above an official order or letter shall be issued and a copy retained on file.

The Council are not obliged to accept the lowest of any tender, quote or estimate.

## 11. CONTRACTS

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 Town Manager 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 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) the Town Manager shall invite tenders from at least three firms.
- (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 Town Manager 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 Town Manager 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.
- (f) All sealed tenders shall be opened at the same time on the prescribed date by the Town Manager in the presence of at least one member of Council.
- (g) 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.

- (i) When it is to enter into a contract less than £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) the Town Manager or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £50,000 and above £5,000 the Town Manager or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 above shall apply. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

Where the value of a contract is likely to exceed £138,893 (or other threshold specified by the Office of Government Commerce from time to time) the Council must consider whether the Public Contracts Regulations 2006 (SI No 5, as amended) and the Utilities Contracts Regulations 2006 (SI No 6, as amended) apply to the contract and, if either of those Regulations apply, the Council must comply with EU procurement rules.

## **12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

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 withholding as may be agreed in the particular contract).

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 of 5% or more a report shall be submitted to the Council.

Any variation to a contract or addition to or omission from a contract must be approved by the Council and Town Manager to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

## **13. STORES AND EQUIPMENT**

The Town Manager shall be responsible for the care and custody of equipment

## **14. ASSETS, PROPERTIES**

The Town Manager shall make appropriate arrangements for the custody of all title deeds of 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 held in accordance with Accounts and Audit Regulations.

### **CAPITAL RESERVES**

Disposal of Fixed Assets (selling of Village Green, allotments etc) should be accounted for separately as by law this can only be used to purchase future assets or to pay off the Capital part of a loan

### **EARMARKED RESERVES**

Monies can be set aside for specific purposes in Earmarked Reserves and have to be recorded separately in the accounts and the Annual Return. These Reserves to be re-visited every two years.

Changes in Earmarked Reserves shall be approved by Council as part of the budgetary control process.

The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date.

## **15. INSURANCE**

Following the annual risk assessment (per Financial Regulation 17), the RFO shall effect all insurances and negotiate all claims on the Council's

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.

The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review.

The RFO 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.

**16. CHARITIES**

Where the Council is sole trustee of a Charitable body the Town Manager 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 Town Manager shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

**17. RISK MANAGEMENT**

The council is responsible for putting in place arrangements for the management of risk. The Town Manager 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.

When considering any new activity, the Town Manager shall prepare a draft Risk Assessment including risk management proposals for consideration and adoption by the council.

**18. REVISION OF FINANCIAL REGULATIONS**

It shall be the duty of the Council to review the Financial Regulations of the Council annually.

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Signed on behalf of Syston Town Council

Chairman .....

Dated .....