



THETFORD TOWN COUNCIL

FINANCIAL REGULATIONS

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FINANCIAL REGULATIONS

(as approved on 30th April 2009 under minute 476/08)

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. The Council is responsible in law for ensuring that its financial management is adequate and effective and that it has a sound system of financial control, facilitating the effective exercise of its functions, including arrangements for the management of risk and 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), under the policy direction of the Council, is responsible for the administration of the Council's financial affairs, ensuring compliance with agreed accounting control systems, the maintenance of accurate accounting records and the timely production of financial management information in accordance with proper practice.
- 1.3 At least once a year, prior to the Annual Return being approved, the Council, through its Finance & General Purposes Committee, shall conduct a review of the effectiveness of its system of internal control in accordance with proper practice.
- 1.4 In these Financial Regulations, references to the 'Accounts and Audit Regulations' are to those Regulations issued under the provisions of section 27 of the Audit Commission Act 1998.
- 1.5 In these Financial Regulations, references to 'proper practice' or 'proper practices' are to guidance issued in the publication *Governance and Accountability in Local Councils in England and Wales – A Practitioner's Guide*, published jointly by the National Association of Local Councils (NALC) and the Society of Local Council Clerks (SLCC) and subject to periodic update.

2 Annual Estimates (Budget)

- 2.1 The Finance & General Purposes Committee shall, not later than the end of November each year and following any prior consultation with any other Committee of the Council that may be required, submit to the Council detailed Estimates (= draft Budget), prepared by the RFO, in respect of revenue and capital expenditure for the following financial year.
- 2.2 The Council shall review the Estimates and, not later than the end of January, agree the precept to be levied for the ensuing financial year.

On being agreed, the RFO shall supply each member with a copy of the approved Budget, which forms the basis of financial control for the ensuing year.

- 2.3 The Council shall have regard to a three-year forecast of revenue and capital expenditure, prepared at the same time as the Annual Estimates.

3 Budgetary Control

- 3.1 Revenue expenditure may be incurred up to the amounts indicated against each cost centre code.
- 3.2 Revenue expenditure cannot exceed the amount indicated without the approval of the Finance & General Purposes Committee.
- 3.3 The RFO shall provide the Council with monthly statements of income and expenditure to date, reporting against each cost centre code.
- 3.4 In circumstances warranting urgent attention being given to repairs, replacement or other work, the Clerk of the Council may incur expenditure on behalf of the Council, regardless of whether there is adequate budgetary provision for the expenditure, subject to a limit of £1,500, having first made every effort to discuss the position with both the Mayor and Chairman of the Finance & General Purposes Committee. Any expenditure incurred in such circumstances shall be reported to the Council as soon as practicable.
- 3.5 Where expenditure is incurred in accordance with Regulation 3.4 above and the sum required cannot be met from savings made either within the relevant cost centre or elsewhere within the Budget, the Council shall decide how to cover it.
- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year, although they may be placed in an Earmarked Reserve by resolution of the Council.
- 3.7 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Finance & General Purposes Committee is satisfied that said expenditure is contained in the rolling capital programme and that the necessary capital funds are available, or the requisite borrowing approval can be obtained.
- 3.8 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 as required by the Accounts and Audit Regulations.
- 4.2 The RFO is responsible for completion of the Council's Annual Return, its subsequent approval by the Council and eventual submission to the external auditors, meeting any submission deadlines set by the Audit Commission.
- 4.3 The following principles shall be observed in connection with the separation of accounting duties:
 - (a) The duty of providing financial information to the Council and its Committees and checking the recording of sums due to or from the Council shall be separated, as far as practicably possible, from the duty of invoicing, collecting and banking such sums.
 - (b) The RFO or such other designated officer charged with the duty of examining and checking the accounts of cash transactions shall not, as far as practicably possible, be engaged in any of those transactions.
- 4.4 The RFO is responsible for maintaining an 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 carry out the work required by the Council in accordance with proper practices. The Internal Auditor shall be a competent person, independent of the Council, shall report to the Council in writing, or in person, on a regular basis with a minimum of one annual written report being produced 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, as soon as practicable, bring to the attention of the Council any correspondence or report from the Internal Auditor or external auditors, unless said correspondence is of a routine administrative nature.

4.7 The RFO shall make arrangements for the opportunity to inspect the accounts, books and vouchers and for the display or publication of any Notices and accounting statements as may be required under the Audit Commission Act 1998.

4.8 Accounting and Audit responsibilities of the Council's RFO and staff are at Attachment 1.

5 Banking Arrangements and Cheques

5.1 The Council's banking arrangements, as approved by the Council, are monitored by the RFO. The Council banks with Barclays in Thetford.

5.2 A monthly schedule of payments shall be prepared by the RFO for approval by the Council, acting on the recommendation of its Finance & General Purposes Committee. Said schedules are annexed to the minutes of the respective meetings and initialled by the Chairman.

5.3 Cheques drawn on the Council's bank account in settlement of any of the items included in the payment schedule referred to in the previous paragraph shall be signed by any two members of the Finance & General Purpose Committee.

5.4 To indicate their agreement with the details shown on any cheque, the two signatories shall also initial the respective counterfoil.

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 account held with Barclays Bank. If deemed appropriate by the Council, payment for certain supplies (e.g. utilities) may be made by variable Direct Debit provide the instructions are signed by two members of the Finance & General Purposes Committee and any such payment are duly reported to the Council. A review of variable Direct Debit arrangements will take place at least every two years.

6.2 All invoices for payment shall be examined, verified and certified by the RFO in consultation with office colleagues. Before certifying an invoice the RFO shall be satisfied that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.

6.3 Certification involves a checking of arithmetical accuracy and coding to the appropriate account.

6.4 Once certified and approved for payment, the RFO will take every step possible to ensure payment by any deadline set by a supplier.

- 6.5 All duly certified invoices passed for payment by the RFO shall be entered on the schedule referred to in 5.2 above.
- 6.6 The RFO may provide petty cash to officers for the purpose of defraying specific operational and other expenses.
- (a) The RFO shall maintain a petty cash account together with a cash float to a limit of £200 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to justify the payment.
 - (b) Income received must not be added to the petty cash but banked separately.
 - (c) Payments to restore the balance on the petty cash imprest account shall be shown separately on the monthly schedule of payments presented to the Council (see under 5.2 above). In addition, the RFO will have available for inspection at every Council meeting the petty cash file.

7 Payment of Salaries

- 7.1 As an employer, the Council shall make arrangements to meet fully the statutory requirements place 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 agree by the Council.
- 7.2 The payment of all salaries shall be controlled by the RFO, who will pass monthly instructions to the outside payroll provider contracted by the Council.
- 7.3 All time sheets shall be certified as to accuracy by or on behalf of the Clerk of the Council.

8 Investments and Loans

- 8.1 The Council receives periodic investment advice from Norwich-based Barratt & Cooke Ltd, which also provides a nominee service, under the terms of which investment certificates and other relevant documentation are entrusted to their care.
- 8.2 All investments of Council funds shall be in the name of either the Council or the appointed nominee, referred to in clause 8.1 above.

- 8.3 Any borrowing requirement shall be effected in the name of the Council.

9 Income

- 9.1 The collection of all sums due to the Council is the responsibility of and supervised by the RFO.
- 9.2 The RFO must be notified of the particulars of all charges for work done, services rendered or goods supplied.
- 9.3 The Council will review all fees and charges periodically, receiving recommendations from its Finance & General Purposes Committee, as appropriate.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council. Any 'write-offs' must be approved by the Council, acting on the recommendation of its Finance & General Purposes Committee.
- 9.5 All sums received by the Council in respect of work done, services rendered or goods supplied shall be banked intact and without undue delay under the direction of the RFO.
- 9.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be either entered on the paying-in slip or otherwise separately identified.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The RFO shall complete any VAT Return that is required. Any repayment claim due in accordance with section 33 of the VAT Act 1994 shall be submitted without undue delay.
- 9.9 Whenever a significant sum of cash is received by the Council, the RFO shall take such steps as may be required to ensure that: more than one person is present when the cash is first counted; there is a reconciliation to any control measure introduced such as ticket issue; appropriate care is taken in respect of the security and safety of the individuals engaged both in the counting and subsequent banking.

10 Mayor's Allowance

- 10.1 The Mayor is allocated a personal allowance, enabling certain events to be hosted in the town and others in the town and elsewhere to be attended; it covers any catering and transport costs incurred and can cover costs incurred by the Deputy-Mayor. To ensure that the Mayor

and Deputy-Mayor are not liable to tax on any amounts reimbursed, they should submit claims in writing, stating clearly the nature of the expenditure together with any supporting documents (e.g. receipts or copies of tickets).

11 Members' Allowances

- 11.1 No formal provision is in place to reimburse members not holding the office of Mayor or Deputy-Mayor for out-of-pocket expenses and travel costs. Should a member seek reimbursement, then the matter can be referred by the Town Clerk to the Remuneration Panel of the district council, which has authority to agree to an appropriate scheme being introduced.

12 Orders for Work, Goods and Services

- 12.1 Wherever practicable and necessary in the opinion of the RFO, an official order or letter shall be issued whenever services are commissioned or goods ordered, save in circumstances where a formal contract is to be prepared or an official order would be inappropriate (e.g. in respect of most petty cash purchases).
- 12.2 The issue and use of order books shall be controlled and monitored by the RFO.
- 12.3 All officers are responsible for obtaining value for money at all times. Officers issuing official orders must have satisfied themselves that, in each set of circumstances, the best possible terms have been agreed.
- 12.4 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, shall ensure that the Council has authority under statute to proceed.

13 Contracts

- (a) Every contract entered into by the Council shall comply with these Financial Regulations, save in an emergency, when the Council may direct otherwise. The only contracts exempt from the procedures set out in paragraphs (b) to (d) below are those falling into any one of the following six categories:
- (i) the supply of gas, electricity, water, sewerage, waste collection and telephone services;
 - (ii) specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;

- (iii) 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) work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
 - (v) additional audit work of the External Auditor up to an estimated value of £500 (in excess of this sum, the Clerk/ RFO shall act after consultation with the Mayor and the Chairman of the Finance & General Purposes Committee);
 - (vi) goods or materials proposed to be purchased, which are proprietary articles and/or sold only at a fixed price.
- (b) Where it is intended to enter into a contract:
- (i) 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 set out in paragraph (a) - with a value in the band £500 to £2000 (both figures inclusive), the Clerk of the Council shall ensure that three quotations are sought and a minimum two received;
 - (ii) exceeding £2,000 in value, the Clerk of the Council shall ensure that three quotations have been received, with any tendering arrangements agreed through consultation with the Chairman of the Finance & General Purposes Committee, who will have executive power;
 - (iii) for values lower than £500, the Clerk of the Council shall have executive power, provided the expenditure falls within the scope of the revenue budget approved by the Council.
- (c) Invitations to tender shall state the general nature of the intended contract and the Clerk 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 Clerk in a sealed envelope, which will remain sealed until the agreed time of opening.
- (d) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of the Council.
- (e) if all the tenders are identical, the Council may make such arrangements as it thinks fit for procuring the goods, materials, or services or having the works executed.

- (f) The Council shall not be obliged to accept the lowest or any tender.
- (g) If the Council decides to waive financial regulations relating to contracts to enable a price to be negotiated without competition, the reason for any such decision must be made clear in the minutes.

14 Payments under Contracts for Building or Other Construction Works

- 14.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon receipt of authorised certificates from the architect or any other consultant engaged to supervise the contract (subject to any percentage withholding as may be agreed in a particular case).
- 14.2 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 by 5% or more, a report shall be submitted to the Finance & General Purposes Committee, with the Council kept informed.
- 14.3 Any variation to, addition to, or omission from a contract must be approved by the Clerk of the Council in writing, with the Finance & General Purposes Committee being informed in cases where the final cost is likely to exceed the financial provision.

15 Stores and Equipment

- 15.1 Any officer in charge of supplies and equipment deemed to be Council property shall be responsible for the care and custody of such equipment.
- 15.2 Delivery notes must be obtained in respect of all goods received into store or otherwise delivered and goods must be quality controlled at the time of delivery.
- 15.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 15.4 The RFO is responsible for checking periodically - at least once a year - all storage areas and items stored.

16 Properties and Other Assets

- 16.1 The Clerk of the Council shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council, ensuring also that a record is maintained in each case of location, extent, any registration details, nature of acquisition, purpose for which held, terms of any tenancies granted and rents payable, all to be in accordance with Accounts and Audit Regulations.
- 16.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council and the obtaining of any other consents that may be required by law, save where the estimated value of any one item does not exceed £500.
- 16.3 The Clerk to the Council shall ensure that an appropriate and accurate Register of Assets is kept up to date.

17 Insurance

- 17.1 The Clerk to the Council is responsible for ensuring that effective and adequate insurance cover is in place at all times and take charge of any discussions with the Council's insurers regarding claims on the Council's insurance.
- 17.2 The RFO shall review periodically the cost of insurance cover and report on this to the Finance & General Purposes Committee.
- 17.3 Particular attention must be paid to the adequacy of fidelity guarantee insurance cover and determining which employees of the Council are covered. The advice of the External Auditor must always be heeded.

18 Risk Management

- 18.1 The Clerk and RFO shall prepare risk management policy statements in respect of all activities of the Council.
- 18.2 When considering any new activity, the Clerk and RFO shall prepare a draft Risk Management policy for the activity, bringing to the Council's attention, following initial referral to the Finance & General Purposes Committee, any legal and financial issues that may warrant consideration.

19 Revision of Financial Regulations

- 19.1 It shall be the duty of the Finance & General Purposes Committee to review these Financial Regulations of the Council from time to time and to make such recommendations to the Council as may, in the Committee's view, be required.