

WYMONDHAM TOWN COUNCIL

FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its Meeting held on 7th January 2014.

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.

1.3 The RFO shall be responsible for the production of financial management information.

1.4 The Council shall be responsible for ensuring that the financial management is adequate and effective and that the council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk.

1.5 The Council shall review at least once a year the effectiveness of its systems of internal controls and shall produce a statement on internal control with its statement of accounts

2. ANNUAL ESTIMATES

2.1 Detailed estimates of all receipts and payments for the year, together with proposed allocations to earmarked reserves and a schedule of known shall be prepared each year by the RFO.

2.2 Each designated Committee shall review the detailed estimates and submit proposals to the Finance & General Purposes Committee by the end of November.

2.3 Schedules of known and projected capital expenditure, together with proposed funding sources shall be prepared by the RFO.

2.4 The Finance & general Purposes Committee shall review the estimates and submit them to the Council at its meeting in January each year and shall recommend the Precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.

2.5 The annual budgets shall form the basis of financial control for the ensuing year.

2.6 The Council shall prepare and have regard to a three year forecast of Revenue and Capital Receipts and Payments which shall be prepared at the same time as the annual Budget or Estimates.

3. BUDGETARY CONTROL

3.1 The Finance & General Purposes Committee shall be responsible for overseeing budgetary control.

3.2 The RFO shall make available to each Finance & General Purposes Committee meeting a quarterly summary of Council affairs, comparing actual expenditure against that budgeted.

3.3 The RFO 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 £10,000. The RFO shall report the action to the Council as soon as practicable thereafter.

3.4 Where expenditure is incurred in accordance with regulation 3.3 above and the sum required cannot be met from savings made elsewhere within that committees budget, it shall be met from the Councils general reserve.

3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless approved by the Council but shall be placed in the Councils general reserve.

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 as required by the current Accounts and Audit regulations.

4.2 The RFO shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year the financial statements shall be presented to the Finance & General Purposes Committee for approval prior to submission to the Council for formal adoption.

4.3 The RFO shall be responsible for completing 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 for submitting the Annual Return for approval and authorisation by the Council within the timescale set by the Accounts and Audit Regulations, or set by the Auditor.

4.4 The RFO shall be responsible for ensuring 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 Council shall carry out a review of the effectiveness of internal audit on an annual basis in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto.

4.6 The Internal Auditor shall carry out the 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 annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.

4.7 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 2003 and 2006, 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 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 of accounts, including items paid out of committee, forming part of the Agenda for the Meeting, shall be prepared by the RFO be presented to the full Council. If the schedule is in order it shall be authorised by a resolution of the Council.

5.3 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.

5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice, or similar documentation, the signatories shall each also initial the cheque counterfoil.

5.5 Dispersal credits used for the payment of salaries are to be authorised by the RFO and shall not exceed £12,500.

5.6 Transfer of money between bank accounts within the same bank, to maximise interest, can only be authorised by the RFO or, in the absence of the RFO, the Accounts Assistant.

6. PAYMENT OF ACCOUNTS

6.1 All payments, other than petty cash,(6.5) 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 RFO. The RFO 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 Councils Accounts Assistant shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The RFO shall take all steps to settle all invoices submitted, and which are in order, and will then report these at the next available full Council Meeting.

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 RFO certifies that there is no dispute or other reason to delay payment, the RFO 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 the full Council.

6.5 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses.

- a) The RFO shall maintain a 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.

7. PAYMENT OF SALARIES

7.1 Staff grading levels shall be reviewed annually and approved by the Council. Salary levels shall be in accordance with the National Joint Council for Local Government pay scales.

7.2 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.

7.3 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, provided that each payment is reported to and ratified by the next available full Council Meeting.

7.4 Schedules of salary payments shall be approved at Full Council meetings

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's Investment Policy, shall be in accordance with the Trustee Act 2000, and shall be reviewed on a regular basis (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.

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 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 regularly, following a report of the RFO.

9.4 The RFO may write off bad debts up to a total of £250 in any one instance. Any sums found to be irrecoverable and any bad debts above this amount shall be reported to the Finance & General Purposes Committee or full Council for recommendation and action.

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 collection records of the Council.

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 quarterly.

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 All members and Officers are responsible for obtaining value for money as 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* provisions in Regulation 11.1(b) below.

11 CONTRACTS

11.1 Procedures as to contract 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, 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 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 RFO shall act after consultation with the Mayor and Chairman of the Finance & General Purposes Committee;
 - 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 for the supply of goods, supply of services or the execution of works with an estimated value not exceeding £10000 the RFO may commit expenditure.

- (c) Where it is intended to enter into a contract for the supply of goods, supply of services or the execution of works with an estimated value between £10,000 and £50,000, the Responsible Finance Officer shall obtain price quotations from at least three suppliers of identical or similar goods and place the contract with the supplier offering the Council the best value in terms of price, quality, delivery, after sales, service, etc.
- (d) Where the supply of such goods, supply of services or the execution of works is to be on a continuing or regular basis, price quotations need not be obtained on every occasion but should be renewed and reviewed at least every 5 years or such longer periods as may be specified by the Council after taking into account the improved terms which may be obtained by entering into a longer contract or agreement.
- (e) Where the supply of goods, supply of services or the execution of works will have an estimated value exceeding £50,000, the RFO shall seek tenders in accordance with sub-clause (h) below except where the goods, services or works to be supplied are unique to the supplier in which case the RFO will obtain price quotations and product information from at least three suppliers of similar goods sufficient to enable informed judgments as to the best value offered in terms of price, quality, delivery, after sales service and suitability for the intended purposes.
- (f) When applications are made to waive Standing Orders/Financial Regulations relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- (g) Council may, by consideration of tenders or by other means of selection appoint a broker agent to obtain goods and services at the most favourable terms on its behalf.
- (h) Where tenders are to be obtained in accordance with sub-clauses (e) above the following procedures shall apply;
 - (i) Invitation to tender shall be addressed to a minimum of three and a maximum of six suppliers or contractors.
 - (ii) Each invitation to tender shall contain a detailed specification of the goods or services to be supplied or the works to be executed (the necessary technical assistance to prepare a specification in appropriate cases shall be obtained). The invitation to tender shall in addition state that tenders must be returned to the RFO with the details of the return address and the last date and time by which

such tenders should reach the RFO in the ordinary course of post.

- (iii) Each invitation to tender shall contain a request that the RFO or appointed agent be advised immediately if the invitee is unable or unwilling to tender. If such advice is received from more than one of those invited to tender then further invitation(s) to additional supplier(s) or contractor(s) shall be sent with the aim of obtaining a minimum of two tenders.
- (iv) Each tendering firm shall be supplied with a specially marked envelope bearing the words `TENDER – DO NOT OPEN UNTIL (prescribed date for opening)`, but no other means of identifying the tender, in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract. All tenders when received shall be endorsed with date and time of receipt. No fax or e-mails will be accepted.
- (v) Returned tenders shall be opened together after the return date by the RFO in the presence of the Mayor or Chair of the Finance & General Purposes committee or a member of the committee who will consider the tenders. Opening of tenders shall normally be in advance of the meeting at which they will be considered in order that clarification of any points of detail, which may be necessary, may be obtained from tenderers.
- (vi) Details of tenders and tender amounts shall be recorded in the minutes or report of the meeting at which they were considered. The tenderers shall be listed alphabetically and tender amounts in ascending value so that with the exception of the successful tenderer the amounts tendered by each tenderer cannot be identified by the public.
- (vii) Errors or Discrepancies in Tenders – Where examination of tenders reveals errors or discrepancies which would affect the tender figure in an otherwise successful tender, the tenderer is to be given details of such errors and discrepancies and afforded an opportunity of confirming or withdrawing his/her offer. If the tenderer withdraws, the next tenderer in competitive order is to be examined and dealt with in the same way. Any exception to this procedure may be authorised only by the full Council or the Finance & General Purposes Committee after consideration of a report by the RFO.

- (i) If no tenders are received by the return date or if all the tenders received are identical, Council may make such arrangements for placing the contract as it thinks fit.
- (j) Late Tendering – Any tenders received after the specified date shall be returned promptly to the tenderer by the RFO with a suitable covering letter. The tender may be opened to ascertain the name and address of the tenderer but no details of the tender shall be disclosed.
- (k) Performance Bonds and financial checks – Where a contract is estimated to exceed £100,000 in value or amount and is for the execution of works (or the supply of goods or materials by a particular date or series of dates) the Council shall consider whether they require security for its due performance and shall either certify that no such security is necessary or, in consultation with appropriate officers, shall specify in the conditions of tender the nature and amount of security to be given. In the latter event, the Council shall require and take a bond or other sufficient security for the due performance of the contract. A financial check must be made against the selected contractor prior to the contract being awarded.
- (l) Council need not accept the lowest tender and may take into account references, reputation of the tenderer, quality of past service and differences in tender detail with the aim of achieving the best value for money in placing the contract. If however the lowest tender is not accepted reasons shall be specified in the minutes or report of the meeting at which tenders were considered.
- (m) No exception from the provision of these Standing Orders (other than those expressly provided for) shall be made without resolution of the Council or the Finance & General Purposes Committee. Every exception made by the Council or the Finance & General Purposes Committee shall be recorded in the minutes of the Council or committee specifying the special circumstances by which the exception was justified.

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 withholding as may be agreed in the particular contract).

12.2 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 of 5% or more 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 RFO to the Contractor in writing before any work has begun, 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 RFO shall be responsible for periodic checks of stocks and stores at least annually.

14. 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 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.

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 £10,000..

15. INSURANCE

15.1 Following an annual risk assessment, the RFO shall effect all 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 or damage or of 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 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 or Independent Examination as may be required by Charity Law or any Governing Document.

17. RISK MANAGEMENT

17.1 The RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.

17.2 When considering any new financial activity the RFO 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.

18. REVISION OF FINANCIAL REGULATIONS

18.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time and to make such amendments to them as appropriate..