

## **WITHAM TOWN COUNCIL**

### **FINANCIAL REGULATIONS**

These Financial Regulations were revised at a Meeting of the Town Council held on 4<sup>th</sup> July 2016.

#### **1. GENERAL**

- 1.1 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will focus on their risk implications for the Council.
- 1.2 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.
- 1.3 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.
- 1.4 The Town Clerk/Deputy Town Clerk and Responsible Financial Officer (Hereafter called the Town Clerk/Deputy Town Clerk), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.
- 1.5 The Town Clerk/Deputy Town Clerk shall be responsible for the production of financial management information.

#### **2. ANNUAL ESTIMATES**

- 2.1 Each Committee shall formulate and submit proposals 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 Town Clerk/Deputy Town Clerk.
- 2.3 The Council shall review the estimates not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The Town Clerk/Deputy Town Clerk shall supply each member with a copy of the approved estimates.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall prepare and have regard to a three year forecast of Revenue and Capital Receipts and Payments that shall be prepared at the same time as the annual Budget or Estimates.

### **3 BUDGETARY CONTROL**

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2 Normally expenditure may only be incurred that will not exceed the amount provided in the revenue budget. However, the spending Committee or the Policy and Resources Committee may vire between Budget Heads if Members so wish.
- 3.3 The Town Clerk/Deputy Town Clerk regularly shall provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.
- 3.4 The Town Clerk/Deputy Town Clerk may incur expenditure on behalf of the Council that is necessary to carry out any repair, replacement or other work that 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 £2,000. The Town Clerk/Deputy Town Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 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 Town Clerk/Deputy Town Clerk as required by the Accounts and Audit Regulations 1996 as amended.
- 4.2 The Town Clerk/Deputy Town Clerk shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
- 4.3 The Town Clerk/Deputy Town Clerk 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 timescales set by the Accounts and Audit Regulations 1996 as amended, or set by the Auditor.
- 4.4 The Town Clerk/Deputy 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 Regulation 5 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006 as

amended. Any officer or member of the Council shall, if the Town Clerk/Deputy Town Clerk or Internal Auditor requires, make available such documents of the Council that appear to the Town Clerk/Deputy Town Clerk or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the Town Clerk/Deputy Town Clerk or Internal Auditor with such information and explanation as the Town Clerk/Deputy Town Clerk or Internal Auditor considers necessary for that purpose.

- 4.5 The Internal Auditor shall carry out the work required by the Town Clerk/Deputy Town Clerk, or by 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.
- 4.6 The Town Clerk/Deputy Town Clerk shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Local Government (Accounts Audit) Regulations (Northern Ireland) 2006.
- 4.7 The Town Clerk/Deputy Town Clerk 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 Town Clerk/Deputy Town Clerk and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 The Town Clerk/Deputy Town Clerk shall make payments on behalf of the Council provided that the expenditure is within the policy and budget of the Council
- 5.3 A schedule of the payments made on behalf of the Council, forming part of the Agenda for the Meeting, shall be prepared by the Town Clerk/Deputy Town Clerk and be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman of the Meeting.
- 5.4 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. Cheques drawn in excess of £2,000 must be signed by three Members of the council.
- 5.5 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.

- 5.6 The Town Clerk/Deputy Town Clerk or his/her deputy may transfer money between the Council's bank accounts but shall not be a signatory on the cheque (current account).
- 5.7 The Council shall provide insurance cover for Members and Officers in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004 provisions.

## **6 PAYMENT OF ACCOUNTS**

- 6.1 All payments 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 Town Clerk/Deputy Town Clerk. The Town Clerk/Deputy Town Clerk 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 Town Clerk/Deputy Town Clerk shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Town Clerk/Deputy Town Clerk shall take all steps to settle all invoices submitted, and which are in order, within the agreed payment terms.
- 6.4 The Town Clerk/Deputy Town Clerk may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the Town Clerk/Deputy Town Clerk with a claim for reimbursement:
- a) The Town Clerk/Deputy Town Clerk shall maintain a petty cash float of £100 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.
- 6.5 The Town Clerk/Deputy Town Clerk may provide a Town Mayor's Gift Fund that shall be used by agreement of the Council and/or the Town Mayor for the purchase of wreaths and other items of gifts. A separate account will be kept and a report made to each Resources Committee.
- 6.6 Claims for expenses incurred by Members of the Council or Members of staff on duties conducted on behalf of the Council shall be submitted using the Claim form provided. Authorisation for such claims shall be given prior to payment on the following basis: -
- For Members of the Council all claims shall be authorised by any **two** of the following, the Chairman of Policy and Resources Committee, the Town Mayor and Deputy Town Mayor.

- For members of staff, the Town Clerk/Deputy Town Clerk shall authorise such claims
- For the Town Clerk/Deputy Town Clerk, the Chairman of Policy and Resources or the Town Mayor or Deputy Town Mayor.

## **7 PAYMENT OF SALARIES**

- 7.1 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.
- 7.2 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, provided that each payment is reported as part of the Schedule of Payments (see 5.3 above) to and ratified by the next available meeting of the Resources Committee.
- 7.3 All salary payments shall be made via the BACS system and authorised by any three cheque signatories.

## **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 Town Clerk/Deputy Town Clerk.

## **9 INCOME**

- 9.1 The collection of all sums due to the Council shall be the responsibility and under the supervision of the Town Clerk/Deputy Town Clerk.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the Town Clerk/Deputy Town Clerk and the Town Clerk/Deputy Town Clerk shall be responsible for the collection of all accounts due to the Council.
- 9.3 The Council will review all fees and charges annually, following a report of the Town Clerk/Deputy Town Clerk.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

- 9.5 All sums received on behalf of the Council shall be banked intact as directed by the Town Clerk/Deputy Town Clerk. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Town Clerk/Deputy Town Clerk considers necessary.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The Town Clerk/Deputy Town Clerk 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.
- 9.9 Where any significant sums of cash are regularly received by the Council, the Town Clerk/Deputy Town Clerk 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.

9.10 **INFORMATION CENTRE**

(i) All income received in the Information Centre shall be recorded through the till provided for the purpose and dealt with thus.

(ii) Cash received shall be paid into the till and shall remain there until the day's close of business when all monies with the exception of approximately £50.00 in small denomination notes and coins which shall constitute the next day's float, shall be deposited in the Council's safe and shall remain there until banking takes place normally on each Friday morning.

(iii) Each Friday and on the 1<sup>st</sup> working day of each month all cash that is not required for use as a float shall be paid into the Council's current bank account and a record of the amount so paid into the account shall be recorded on the Council's accounts giving it a unique invoice number.

(iv) A record showing the precise amount remaining in the Council's safe and not yet banked shall be kept by the Tourism officer.

(v) All income received through credit or debit cards shall be processed through the PDQ machine and a record of all income received in this way shall be given to the Town Clerk/Deputy Town Clerk or his/her deputy for due recording on the Council's accounts.

**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 Order books shall be controlled by the Town Clerk/Deputy Town Clerk.

- 10.3 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 appropriate suppliers, subject to any de minimis provisions in Regulation 11 (1) below.
- 10.4 The Town Clerk/Deputy 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 Town Clerk/Deputy Town Clerk 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.

## **11 CONTRACTS**

- 11.1 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 Clerk/Deputy Town Clerk 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 £25,000 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 Clerk/Deputy Town Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list maintained by Braintree District Council or if no such information is held from a list maintained by another principle council.
  - (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 Clerk/Deputy Town 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 Town Clerk/Deputy 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.
- (f) All sealed tenders shall be opened at the same time on the prescribed date by the Town Clerk/Deputy Town Clerk in the presence of one other person and a record kept of those present.
- (g) If less than three tenders are received for contracts above £25,000 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.
- (h) Any invitation to tender issued under this regulation shall contain a statement detailing the Town Council's policy with regard to Tenders.
- (i) The Public Contracts Regulations 2015
  - A The procurement and award of contracts covered by the Public Contracts Regulations 2015 (The Regulations) which have an estimated value of £25,000 or more must also satisfy the requirements of the Regulations which must include use of the contracts Finder website and other light touch rules detailed in the 2015 regulations.
  - B The full requirements of the Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceeds thresholds as adjusted by the European Commission every two years and as published in the Official Journal of the European Union (OJEU) (Regulation 5(4) of the 2015 Regulations). These are currently set as £104,394 for Public Works contracts and at £164,127 for both Public service and Public supply contracts respectively.
- (i) When it is to enter into a contract less than £25,000 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 Clerk/Deputy Town Clerk shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £200 the Town Clerk/Deputy Town Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
- (j) The Council shall not be obliged to accept the lowest of any tender, quote or estimate.

## **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 Town Clerk/Deputy Town Clerk 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 Town Clerk/Deputy Town Clerk 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 Council and Town Clerk/Deputy 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 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. Delivery notes should be filed with paid invoices.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4 The Town Clerk/Deputy Town Clerk shall be responsible for periodic checks of stocks and stores at least annually.

### **14 PROPERTIES AND ESTATES**

- 14.1 The Town Clerk/Deputy Town Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Town Clerk/Deputy Town Clerk 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 Regulation 4(3)(b) of the Accounts and Audit Regulations 1996 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 required by law, save where the estimated value of any one item of tangible movable property does not exceed £100.

### **15 INSURANCE**

- 15.1 Following an annual risk assessment, the Town Clerk/Deputy Town Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The Town Clerk/Deputy Town Clerk shall take note and inform insurers of all new risks, properties or vehicles that require to be insured and of any alterations affecting existing insurances.

- 15.3 The Town Clerk/Deputy Town Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.4 The Town Clerk/Deputy Town Clerk 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.
- 15.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance that shall cover the maximum risk exposure as determined by the Council based on the maximum sum of money held in the Council's accounts at any one time i.e. half the annual precept for any particular year plus any carry forward figure.

## **16 CHARITIES**

- 16.1 Where the Council is sole trustee of a Charitable body the Town Clerk/Deputy Town Clerk 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 Clerk/Deputy Town Clerk 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 Town Clerk/Deputy Town Clerk shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 17.2 When considering any new activity the Town Clerk/Deputy 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.

## **18 REVISION OF FINANCIAL REGULATIONS**

- 18.1 It shall be the duty of the Council to review the Financial Regulations of the Council at the beginning of each Civic Year.

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