



# WINSLOW TOWN COUNCIL

## FINANCIAL REGULATIONS

*As adopted at Council on 3<sup>rd</sup> June 2010 - minute 10/124 refers.*

### TABLE OF CONTENTS

Reference	Page	Reference	Page
General	2	Orders for Work, Goods and Services	7
Annual Estimates	2	Contracts	8
Budgetary Control	3	Payments under Contracts For Building or Other Construction Works	10
Accounting and Audit	4	Properties and Estates	10
Banking Arrangements and Cheques	5	Insurance	10
Payment of Accounts	5	Charities	11
Payment of Salaries	6	Risk Management	11
Loans and Investments	6		
Income	7		



# WINSLOW TOWN COUNCIL

## WINSLOW TOWN COUNCIL FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Town Council at its Meeting held on Thursday 6th May 2010.

### **1.0 GENERAL**

- 1.1 These financial regulations govern the conduct of financial management by 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 and is detailed in the Financial Procedures.
- 1.5 The Council's financial regulations may make provision for the authorisation of the payment of money in exercise of any of the Council's functions to be delegated to a committee, sub-committee or to an employee.
- 1.6 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.
- 1.7 It shall be the duty of the Council to review the Financial Regulations of the Council annually. *The RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.*

### **2.0 ANNUAL ESTIMATES (BUDGET)**

- 2.1 Each Committee shall formulate and submit proposals to the Council in respect of revenue and capital including the use of reserves and sources of funding for the following financial year not later than the end of October each year.



## WINSLOW TOWN COUNCIL

- 2.2 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.
- 2.3 The Council shall review the estimates not later than the end of November 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. *Where the precept is to exceed £140,000 the Chair of Resources to agree the text for inclusion in the AVDC Council Tax information leaflet.*
- 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 which shall be prepared at the same time as the annual Budget or estimates.
- 3.0 BUDGETARY CONTROL**
- 3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget. The Clerk may with the approval of *Committee (minor changes)* or Council (*significant changes of amount or scope of expenditure*) re-allocate between budget headings,
- 3.3 The RFO shall, as soon as possible after each quarter date, provide the Council with a statement of receipts and payments to date under each budget heading, comparing actual expenditure against that planned. These statements are to be prepared at least quarterly.
- 3.4 The Clerk 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 £500. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5 *The Clerk may incur expenditure up to £50 on behalf of a Committee or Council which is within the financial constraints, and fulfils the aims of a budget heading, without the individual, specific agreement of the Committee or Council. The Clerk, in consultation with the Chairman of the Committee or Council, may incur expenditure up to £100 on behalf of a Committee or Council, which is within the financial constraints, and fulfils the aims, of a budget heading, without the individual, specific agreement of the Committee or Council. All such expenditure will be reported to the relevant Committee or Council at the earliest opportunity.*



## WINSLOW TOWN COUNCIL

- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year *unless authorised to be carried forward for specific reason 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 Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 3.8 All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.
- 4.0 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 1996 as amended.
- 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 but before the end of May and shall submit them and report thereon to the Council.
- 4.3 The Responsible Financial Officer shall supply to each councillor as soon as practicable after 31 March, 30 June, 30 September and 31 December in each year a statement summarising the Council's receipts and payments for the each quarter and the balances held at the end of a quarter. This statement should include a comparison with the budget for the financial year. A Financial Statement prepared on the appropriate accounting basis (receipts and payments, or income and expenditure) for a year to 31 March shall be presented to each councillor before the end of the following month of May. The Statement of Accounts of the Council (which is subject to external audit), including the annual governance statement, shall be presented to Council for formal approval before 30 June.
- 4.4 The RFO shall ensure 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 Accounts and Audit Regulations 1996 as amended. 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 shall carry out the work required by RFO or by the Council with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled



## WINSLOW TOWN COUNCIL

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. *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 make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 Section 15 and the Accounts and Audit Regulations 1996 as amended.
- 4.7 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 nature.

### 5.0 BANKING ARRANGEMENTS AND CHEQUES

- 5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be reviewed annually for efficiency. *The mandate will authorise at least four Members as signatories and clearly state that all transactions are to require the authorisation and signature of two of the mandated Councillors.*
- 5.2 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 initialled by the Chairman of the Meeting. If more appropriate the detail may be shown in the Minutes of the Meeting.
- 5.3 Cheques, standing orders and direct debits 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), the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.*

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### 6.0 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 RFO. The RFO shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received and carried out *to a satisfactory standard.*



## WINSLOW TOWN COUNCIL

- 6.3 The RFO 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, at the next available 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 Council.
- 6.5 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the RFO (for example for postage or stationery items) shall be refunded on a monthly basis.
- 6.6. If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to Council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Council at the Annual Meeting of the Council.
- 7.0 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 stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council Meeting.
- 8.0 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 shall consider the need for an Investment Policy, which, if drawn up, shall be in accordance with the Trustee Act 2000 and shall be reviewed at least annually.
- 8.3 All investments of money under the control of the Council shall be in the name of the Council.



## WINSLOW TOWN 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. The terms and conditions of borrowings shall be reviewed at least annually.*
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 9.0 INCOME**
- 9.1 The collection of all sums due to the Council shall be the responsibility of the RFO.
- 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 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 annually, following a report of the RFO.
- 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 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 paying-in slip.
- 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 annually coinciding with the financial year-end.
- 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.
- 10.0 ORDERS FOR WORK, GOODS AND SERVICES**
- 10.1 An official Purchase Order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or a Purchase Order would be inappropriate. Copies of orders shall be retained.
- 10.2 Purchase Order numbering shall be controlled by the RFO.



## WINSLOW TOWN COUNCIL

10.3 All Members and Officers are responsible for obtaining value for money at all times. An officer issuing a Purchase Order shall 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 (l) below.

10.4 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, the RFO 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.

### 11.0 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 (*i.e. where further substantial damage or unacceptable risk might be incurred or not to act could constitute negligence*) 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 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 Clerk shall invite tenders from at least three suppliers Tenders and arrange for public notice.



## WINSLOW TOWN 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 RFO 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 RFO (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 Clerk 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.
- (h) *Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 30.4, 30.5 and 31.1*
- (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 RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £2,000 and above £250 the RFO shall strive to obtain 3 estimates, otherwise, Regulation 10 (3) above shall apply.
- (j) Neither the Council, nor any committee, shall be obliged to accept the lowest or any tender, quote or estimate.
- (k) *Where contracts for regular works are being secured, and previous service has been satisfactory and competitively priced, Council shall strive to secure 3 to 5 year terms wherever possible and in the best interest of the Council. (min 10/124 refers)*
- (l) 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



## WINSLOW TOWN COUNCIL

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**

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 by 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 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.

### **13.0 PROPERTIES AND ESTATES**

13.1 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 in accordance with Regulation 4 (3)(b) of the Accounts and Audit Regulations 1996 as amended.

13.2 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 £50.

### **14.0 INSURANCE**

14.1 Following the annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

14.2 The Clerk shall give prompt notification of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

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



## WINSLOW TOWN COUNCIL

- 14.4 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.
- 14.5 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.
- 15.0 CHARITIES**
- 15.1 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.
- 16.0 RISK MANAGEMENT**
- 16.1 *The Council is responsible for putting in place arrangements for the management of risk.* The RFO shall prepare and promote, 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.*
- 16.2 When considering any new 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 and if thought appropriate, adoption by the Council

Signed: ..... (Council Chairman) Date: .....