



HOLSWORTHY
TOWN COUNCIL

Financial Regulations

Published November 2007

FINANCIAL REGULATIONS

Preface

1. Throughout these Regulations, the term Council shall mean THE **HOLSWORTHY TOWN COUNCIL** unless otherwise indicated.
2. Where and as appropriate the terms Chairman and Vice-Chairman shall be synonymous with Town Mayor and Deputy Town Mayor respectively, and the use of these latter titles in no way affects the application of these Regulations.
3. The Responsible Financial Officer (RFO) is a Statutory Office and shall be appointed by the Council. The Town Clerk has been appointed RFO for Holsworthy Town Council and these regulations will apply accordingly.

FINANCIAL REGULATIONS OF HOLSWORTHY TOWN COUNCIL

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.

2. ANNUAL ESTIMATES

- 2.1 The Finance and General Purposes 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 RFO.
- 2.3 The Council shall review the estimates not later than the end of December each year and shall fix the Precept to be levied for the ensuing financial year. The RFO 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.

3. BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget. No expenditure may be incurred which will exceed the amount provided in the revenue budget without the permission of the Council.

- 3.2 The RFO shall provide the Council with a statement of receipts and payments to date under each budget heading at each Council meeting, comparing actual expenditure against that planned.
- 3.3 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 urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1,000.00. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.4 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 3.5 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.
- 3.6 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 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 and shall submit them and report thereon to the Council.
- 4.3 The RFO shall be responsible for completing the Annual Return (supplied by the Auditor) and for its 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 RFO 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 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 be necessary for the purpose of internal audit and shall supply them with such information and explanation as is considered necessary for that purpose.
- 4.5 The Internal Auditor shall carry out the work required by the RFO, 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, with a minimum of two reports covering each financial year.

- 4.6 The RFO shall make arrangements for the opportunity for the inspection of accounts, books, and vouchers 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 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 required, forming part of the agenda for a Council 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, form part of the Minutes and shall be initialled by the Chairman of the Meeting.
- 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 of the Council's authorised signatories.
- 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.

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 Clerk. The Clerk shall satisfy himself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk 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, the Clerk and RFO may (notwithstanding para 6.3), take steps to settle such invoices provided that they shall be submitted to the next meeting of Council for approval.
- 6.5 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement:
- a. The RFO shall maintain a petty cash float of £100.00 to the Clerk and £30.00 to

the Visitor Information Centre Manager 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 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 deductions from salary 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 meeting of the Council.

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 All investments of money under the control of the Council shall be in the name of the Council.
- 8.3 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.
- 8.4 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 the RFO except for income from the Pannier Market where the responsibility lies with the Market Manager in the first instance and then the RFO if problems arise.
- 9.2 The Council will review all fees and charges annually, following a report of the Clerk.
- 9.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the same financial year.
- 9.4 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.

- 9.5 The origin of each receipt shall be entered on the paying-in slip.
- 9.6 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.7 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 received by the Council, the RFO shall take such steps as to ensure that more than one person is present when the cash is counted in the first instance and that there is a reconciliation to some form of control. The RFO will also ensure 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 order shall be retained.
- 10.2 Order books shall be controlled by the RFO.
- 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.a. below.
- 10.4 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order.

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 (1) to (6) below:
- (1) For the supply of gas, electricity, water sewerage and telephone services.
 - (2) For specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.
 - (3) For work to be executed or goods or materials to be supplied which consist or repairs to or parts for existing machinery or equipment or plant.
 - (4) For work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council.

- (5) For additional audit work of the external Auditor up to an estimated value of £250.00 (in excess of this sum the Clerk and RFO shall act after consultation with the Mayor and Deputy Mayor of Council).
- (6) 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 less than £1,000 in value for the supply of goods or materials, or for the execution of works, or specialist services other than the specialist services set out in paragraph a. above, the Clerk or RFO shall obtain a priced description of the proposed supply.
 - c. Where it is intended to enter into a contract exceeding £1000.00 but less than £10,000.00 in value for the supply of goods, materials, the execution of works, or specialist services other than those specialist services set out in paragraph a. above, the Clerk shall invite tenders from at least three firms.
 - d. Where it is intended to enter into a contract exceeding £10,000 in value for the supply of goods, materials, the execution of works or specialist services other than those specialist services set out in a. above it shall be procured on the basis of a formal tender as follows:
 - (1) A public notice of intention to place a contract to be published in a local newspaper.
 - (2) A specification of the goods, materials, services and the execution of works shall be drawn up.
 - (3) Tenders are to be sent, in a sealed marked envelope, to the Clerk by stated date and time.
 - (4) Tenders submitted are to be opened, after the stated closing date and time, by the Clerk and two members of the Council.
 - (5) Tenders are then to be assessed and reported to the appropriate meeting of the Council or Committee.
 - e. If less than three tenders are received for contracts above £10,000.00 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.
 - f. Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 49., 50.a b. and 51.
 - g. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
 - h. 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.

(Council is reminded that the European Union Public Sector Procurement Rules are likely to apply to contracts with a value in excess of £140,000.00 and advice should be sought at this level.)

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 Council and 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.
- 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 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 £50.00

15. INSURANCE

- 15.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers (in consultation with the Clerk).
- 15.2 The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.4 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.
- 15.5 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.

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

17. RISK MANAGEMENT

- 17.1 The Clerk with the RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 17.2 When considering any new activity the Clerk and 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.

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.