
Financial Regulations

Adopted May 2017



FINANCIAL REGULATIONS

Part 2 of Standing Orders –Approved September 2014 Finance and Scrutiny

1. General

- 1.1 These financial regulations shall govern the conduct of the financial transactions of the Town Council and may only be amended or varied by resolution of the Town Council. Financial regulations must be observed in conjunction with the council's standing orders and any individual financial regulations relating to contracts.
- 1.2 The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control.
- 1.2 The Responsible Financial Officer (RFO), holds a statutory office to be appointed by the council. The clerk has been appointed as the RFO, under the policy direction of the Finance and Scrutiny Committee and shall be responsible for the proper administration of the Town Council's financial affairs.
- 1.3. The RFO shall:
- act under the responsibility of the policy direction of the council
 - administer the council's financial affairs in accordance with all Acts, regulations and proper practices;
 - determine on behalf of the council its accounting records and accounting control systems;
 - maintain the accounting records of the council are up to date in accordance with proper practices;
 - assist the council to secure economy, efficiency and effectiveness in the use of its resources and
 - produce financial management information as required by the council.
- 1.4 The accounting records determined by the RFO and the council shall be sufficient to show and explain the councils transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the council to comply with the Account and Audit Regulations.
- 1.5 Tetbury Town Council will continually seek to assure themselves that every item of expenditure incurred is in line with current legislation and conforms to the Power of General Competence.
- 1.6 The accounting control systems determined by the RFO shall include:
- procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately as possible
 - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records.
- 1.7 The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. These shall be presented to full Council. In particular any decision regarding:
- setting the final budget or precept
 - approving accounting statements
 - approving an annual governance statement
 - borrowing
 - writing off bad debts
 - declaring eligibility for the General Power of Competence; and
 - addressing recommendations in any report from the internal or external auditors.
- 1.8 In addition the council must:
- determine and keep under regular review the bank mandate for all council bank accounts;
 - approve any grant in excess of £500; and

- in respect of the annual salary for any employee have regard to the recommendation made by the relevant Committee in accordance with its terms of reference.

2. Accounting and Audit (internal and external)

- 2.1 All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate Guidance and proper practices.
- 2.2 On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman [or a cheque signatory] shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council [Finance Committee].
- 2.3 The RFO shall complete the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.
- 2.4 The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.
- 2.5 The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.
- 2.6 The internal auditor shall:
- be competent and independent of the financial operations of the council;
 - report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
 - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - have no involvement in the financial decision making, management or control of the council.
- 2.7 Internal or external auditors may not under any circumstances:
- perform any operational duties for the council;
 - initiate or approve accounting transactions; or
 - direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.8 For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 2.9 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.10 The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

3. Annual Estimates

- 3.1. Each Committee shall formulate and submit proposals to the Finance and Scrutiny Committee for the coming financial year no later than at its meeting in the month of November. Any committee desiring to incur expenditure shall, not later than 1st December, give to the Clerk a written estimate of the expenditure recommended for the coming year (in accordance with S.O.24).
- 3.2. The Finance and Scrutiny Committee shall review the estimates and submit them to the Council at the January Council meeting and shall recommend the Precept to be levied for the ensuing financial year as per S.O.24. The RFO shall supply each member with a copy of the approved estimates.
- 3.3. The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

4. Budgetary Control

- 4.1. Expenditure against the Revenue Account may be incurred up to the amounts included in each approved Committee budget.
- 4.2. There shall be no overspend in the total council budget, however individual committees may overspend on line items providing their overall individual budget is not exceeded. Full council will be advised of the overall budget situation on a quarterly basis and may amend line budgets if they think necessary.
- 4.3. The RFO shall monthly to Finance and Scrutiny Committee & quarterly to Full Council provide a statement of income and expenditure to date under each head of the approved annual revenue and capital budgets.
- 4.4. 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 £2500.00. The Clerk shall report the action to the appropriate Committee as soon as practicable. Any ring-fenced items must be reaffirmed in **March the end of each financial year or they will be lost.**
- 4.5. **Unspent provisions in the revenue budget shall not be carried forward to a subsequent year. Only if approved** by Full Council, may money be taken out of the Revenue Account before the end of the year and placed in the Reserve Account as a ring fenced item for use in a subsequent year.
- 4.6. No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the Full Council (via Finance and Scrutiny Committee) is satisfied that it is contained in the rolling capital program and that the necessary capital funds are available or the requisite borrowing approval can be obtained.
- 4.7. All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

5.a Accounting and Audit

- 5.1. All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regs.2003, 2009 & 2011.
- 5.2. The RFO shall be responsible for maintaining an adequate and effective system of internal controls of the Council's accounting, financial and other operations in accordance with said Accounts and Audit Regulations. For which annually he/she must make a 'statement of assurance' to full council confirming that TTC has such systems in operation thereby enabling an audit to proceed.
- 5.3. The RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year (31st March) and shall submit these accounts to both an 'independent', qualified auditor and then to the external auditor (The Audit Commission) and report thereon to the Council of their

findings/recommendations.

5.b Accounting and Audit (Staffing)

- 5.4 A daily mile log is completed by driver and checked monthly by the Deputy Clerk. Grounds staff do not hold petty cash. Any purchase requirements are authorised by Clerk or other authorised officer.
- 5.5 Petrol/Oil for Mowers and Strimmers is itemized separately to van diesel on the fuel invoice. (All invoices/receipts to be retained). The Fuel Card is retained in the office and only given out when fuel is needed.
- 5.6 Time Sheets are to be completed by all staff and countersigned by Clerk or other authorised officer. The Time Clock to be used wherever possible and authorised accordingly by Clerk or other authorised officer.
- 5.6b TIC Staff hours to be authorised by Clerk or other authorised officer.
- 5.6c Annual leave/sickness forms are to be duly completed and authorised by Clerk or other authorised officer prior to payment being sanctioned.
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6. Banking Arrangements and Authorisation of Payments

- 6.1 The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency. [The council shall seek credit references in respect of members or employees who act as signatories].

The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council [or finance committee]. The council / committee shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council [or finance committee]. The approved schedule shall be ruled off and initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.

The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available council [or Finance Committee] Meeting.

The Clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances:

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 Clerk and RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council [or finance committee];

An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council [or finance committee]; or fund transfers within the councils banking arrangements up to the sum of [£10,000], provided that a list of such payments shall be submitted to the next appropriate meeting of council [or finance committee].

For each financial year the Clerk and RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively, Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which council [, or a duly

authorised committee,] may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of council [or Finance Committee].

A record of regular payments made under 5.6 above shall be drawn up and be signed by two members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and / or made.

In respect of grants a duly authorised committee shall approve expenditure within any limits set by council and in accordance with any Policy statement approved by council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of the council.

Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosed pecuniary or other interest, unless a dispensation has been granted.

The council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.

Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member.

6. **Internet Banking Policy** If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment. A maximum of 25 payments can be entered on an empty bulk payments form - accessed via internet banking.

Forms must be printed and presented to Finance and Scrutiny Committee with corresponding invoices for authorisation by Clerk and 2 councillors. When authorised, the payment can be made by re accessing the form on the web site and entering a pass code from the card reader. Copy of actual payments made can be printed and attached to authorised payments. Statements must be printed for authorisation prior to the Finance and Scrutiny Committee.

- 6.2 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
- 6.3 No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council or a duly delegated committee.
- 6.4 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
- 6.5 The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.6 Where internet banking arrangements are made with any bank, the Clerk [RFO] shall be appointed as the Service Administrator. The Bank Mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.

- 6.7 Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.8 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by [two of] the Clerk [the RFO][a member]. A programme of regular checks of standing data with suppliers will be followed
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7. **Payment of Accounts**

- 7.1 Apart from petty cash payments, all payments shall be effected by internet banking, cheque or other order drawn on the Council's bankers.
- 7.2 All invoices for payment shall be examined, verified and certified by the RFO. Before certifying an invoice the RFO shall satisfy himself/herself that work, goods or services to which the invoice relates have been received, carried out, examined and approved. Invoices should be settled where practicable within 30 days of their receipt.
- 7.3 The RFO shall examine duly certified invoices in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head.
- 7.4 The RFO may maintain a petty cash float of £200.00. Vouchers for payment made from petty cash shall be kept to substantiate the payment. Payments to maintain the petty cash float shall be shown separately on the schedule of payment of money presented to the Council. (under 5.2).
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8. **Loans and Investments**

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the Council. All borrowings shall also be effected in the name of the Council.
- 8.2 All investment certificates and other documents relating thereto shall be retained securely either with the town's solicitor or bank as appropriate.
- 8.3 All Investments such as Shares information to be accrued and added to bank reserve prior to end of Financial Year. This information to be gained in writing as and when deemed necessary by external auditor.
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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. Any bad debts shall be reported to the Finance and Scrutiny Committee.
- 9.2 All sums received on behalf of the Council shall be banked as soon as practicable by the RFO/Administrator.
- 9.3 A claim for VAT is to be made on a quarterly basis, as appropriate.
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10. **Orders For Work, Goods and Services**

- 10.1 An official order or letter shall be issued for all work (**other than in an emergency when the Clerk may use S101 Delegated Powers or in pursuance of the daily work of the Council to a maximum of £2500 per Order**), goods and services unless a formal contract is to be prepared or an official order would be inappropriate e.g. petty cash purchases. Orders to be countersigned by the Clerk, Deputy Clerk or Administrator. Copies of orders to be retained.
- 10.2 The Clerk will be responsible for obtaining value for money at all times, ensuring as far as reasonable and

practicable that the best available terms are obtained in respect of each transaction.

- 10.3 Orders/Accounts which relate to TIC are to be authorised in the first instance by TIC Manager and then passed at the end of each month to the Clerk so that they may be added to the Financial Statement for authorisation/payment

11. **Contracts**

- 11.1 Contracts shall be sought by the Council in accordance with S.O.38 which states; *'Where it is intended to enter into a contract involving the supply of goods or services or for the execution of works, the cost to exceed £5000, a minimum of three tenders shall be invited. Tenders shall be opened by the committee seeking the tenders. Neither the Council nor any committee is bound to accept the lowest tender'*.
- 11.2 Each Committee seeking to enter into a contract involving the supply of goods or services or for the execution of works where the cost exceeds £5000.00 may authorise the form in which tenders shall be invited.
- 11.3 Where necessary a Committee may choose to engage the services of a consultant to supervise the contract.

12. **Properties and Estates**

- 12.1 The RFO/Administrator shall ensure that a record is maintained for all properties owned by the Council, recording tenancies granted, rents payable and purpose for which held in accordance with the Accounts and Audit Regulations.
- 12.2 No property shall be sold, leased or otherwise disposed of without the authority of the Town Council.

13. **Insurance**

- 13.1 The RFO/Administrator shall effect all insurances and negotiate all claims on the Council's insurers. The RFO/Administrator shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it. In the case of a claim or change to legislative advice, a review should be conducted prior to the annual review process to ensure Council are adequately insured.
- 13.2 The Finance and Scrutiny Committee shall be notified of any loss, liability or damage or of any event likely to lead to a claim.
- 13.3 All appropriate employees of the Town Council shall be included in a suitable fidelity guarantee insurance.
- 13.4 An Asset Register is to be kept and updated/amended in April.

14. **Revision of Financial Regulations**

- 14.1 It shall be the duty of the Finance and Scrutiny Committee to review the Financial Regulations of the Council annually and to make such recommendations to the Town Council as the Committee considers are required. The Finance and Scrutiny Committee will review Standing Orders, Financial Regulations and Remit of Committees and present their findings at the Annual Council meeting where adoption of these policies will take place.

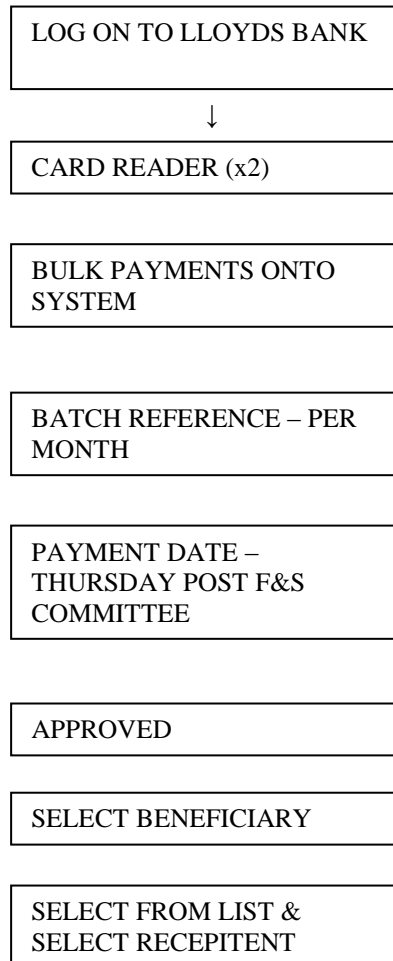
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Signed by Tetbury Town Council Mayor

Approved on.....

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Signed by the Clerk to Council

Appendix One

Process Map for Bank Log on



NOTES:

- Bulk payments prepared and double checked
- Presented to Finance and Scrutiny Committee with the initial bank schedule
- Finance and Scrutiny and Committee authorise or reject
- Amendments made to bulk payments
- Two members of finance and scrutiny to sign within Finance and Scrutiny
- Weekly process: Monday Finance and Scrutiny
 - Tuesday – last amendments
 - Thursday – activated at bank (by Town clerk as second check)