

## **FINANCIAL REGULATIONS AGREED BY COUNCIL 27.2.2003**

### **1. General**

- 1.1. These financial regulations shall 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 Establishment & Policy Committee shall be responsible for the proper administration of the Council's financial affairs.
- 1.3. The RFO shall be responsible for the production of financial management information.
- 1.4. At least once a year, prior to approving the Annual Return, the Council shall conduct a review of the effectiveness of its system of internal control, which shall be in accordance with proper practices.

### **2. Annual Estimates**

- 2.1 Each Committee shall formulate and submit proposals to the Establishment & Policy Committee in respect of revenue services and capital projects for inclusion in the rolling capital programme not later than the end of November *beginning December* each year.
- 2.2 Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the RFO.
- 2.3 The Establishment & Policy Committee shall review the estimates and submit them to the Council not later than the end of January each year and shall recommend the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

### **3. Budgetary Control**

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in each approved committee budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate committee revenue budget unless a virement has been approved by the Council.
- 3.3 The RFO shall periodically provide the Council with a statement of income and expenditure to date under each head of the approved annual revenue and capital budgets.
- 3.4 The CEO after consultation with Chairman/Vice Chairman of Committee with Chairman/Vice Chairman of Council 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 £2000. The CEO shall report the action to Council as soon as practicable thereafter.

- 3.5 Where expenditure is incurred in accordance with regulation 3.4 above and the sum cannot be met from savings made elsewhere within that Committee's approved budget, it shall be subject to the provisions of a supplementary estimate approved by Council.
- 3.6 Unspent provision in the revenue budget shall pass into balances and be used to reduce the precept in subsequent years.
- 3.7 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 committee concerned are satisfied that it is contained in the rolling capital programme and that the necessary capital funds are available, or the requisite borrowing approval can be obtained.
- 3.8 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

#### **4. Account 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 2003.
- 4.2 The RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and shall submit them to and report thereon to Council.
- 4.3 The following principles shall be observed in connection with accounting duties.
  - a. The duty of providing information, calculating, checking and recording sums due to, or from, the Council, should be separated as completely as possible from the duty of collecting or dispersing them.
  - b. Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.
- 4.4 The RFO shall be responsible for maintaining 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 2003. Any officer or member of the Council shall, if the RFO requires, make available such documents of the Council which relate to their accounting and other records as appear to the RFO to be necessary for the purpose of the audit and shall supply the RFO with such information and explanation as the RFO considers necessary for that purpose.

#### **5. Banking Arrangements and Cheques**

- 5.1 The Council's banking arrangements shall be made by the RFO/FA and approved by the Council. Accounts shall be maintained at the bank to include, a general account and a payroll account. The mandate is signed by councillors after each election.
- 5.2 A schedule of the payment of money shall be prepared by the RFO/FA prior to the monthly meeting and together with the relevant invoices etc presented to council. If the schedule is in order it shall be authorised by a resolution of Council and signed by *any two Councillors*.

- 5.3 Cheques and direct debit payment authorisations shall be signed by two members of Council (LGA1972 (5)) following agreement by Council to the schedule. In August when Council does not meet, the foregoing will apply but confirmation of the schedule and payments made will be done at the September meeting.

Salaries, including payments to Inland Revenue and SCC Pension, drawn on the payroll (S & W Account) will be paid electronically. Two members to sign the monthly payment list.

## 6. **Payment of Accounts**

- 6.1 Apart from petty cash payments 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 officer issuing the order. Before certifying an invoice the officer shall satisfy himself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.3 Duly certified invoices shall be passed to the appropriate officer who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head. All possible steps should be taken to settle invoices which are in order, within 30 days of their receipt.
- 6.4 When the officer is satisfied that invoices are in order he shall pass them to the Clerk for final certification in the box provided.
- 6.5 All duly certified invoices will then be entered on the schedule referred to in 5.2 above.
- 6.6 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 to a limit of £200 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 the payment of money presented to the Council (under 5.2 above).

## 7. **Payment of Salaries and Wages**

- 7.1 The payment of all salaries and wages shall be made by the RFO from the payroll account in accordance with the payroll records.
- 7.2 All time sheets shall be certified as to accuracy by or on behalf of the CEO.
- 7.3 The payroll account shall not be overdrawn at the bank. Transfers to fund it shall be made from the Council's general account and shall be shown separately on the schedule of the payment of money presented to Council (under 5.2 above).

## **8. Loans and Investments**

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the Council, and shall be for a set period of time in accordance with Council policy. Changes to loans and investments should be *approved by Council* at the earliest opportunity.
- 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.
- 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 and under the supervision of the RFO.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO and the RFO shall be ultimately 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 CEO.
- 9.4 Any bad debts shall be reported to the appropriate Committee.
- 9.5 All sums received on behalf of the Council shall either be paid to the RFO for banking or be banked by the officer collecting the money 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 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 9.7 Every payment of official money from one member of staff to another shall be signed for by the officer receiving the payment.
- 9.8 Personal cheques shall not be cashed out of money held on behalf of the Council.

## **10. Orders for Work, Goods and Services**

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 e.g. petty cash purchases. Copies of orders issued shall be maintained.

- 10.1 Order books shall be controlled by the RFO.
- 10.2 All officers are responsible for obtaining best 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.

## **11. Contracts**

- 11.1 Procedures as to the contracts(LGA 1972 section 135) are laid down in the Council's

standing orders as follows:-

a. Every contract made by the Council (\*or by a committee to which the power of making contracts has been delegated) shall comply with these standing orders, and no exception from any of the following provisions of these standing orders shall be made otherwise than by the direction of the Council or in an emergency by such a committee as aforesaid provided that these standing orders shall not apply to contracts which relate to items (i) to (v) below:

\*where funding has already been approved by Council (in estimates or otherwise) and where the lowest tender is acceptable and within the estimated sum.

(i) for the supply of gas, electricity, water, sewerage and telephone services.

(ii) for specialist services such as are provided by solicitors, accountants and 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 goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price

b) Where it is intended to enter into a contract:

(i) exceeding £10,000 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 CEO shall invite **tenders** from at least three firms, such firms to be taken from the appropriate approved list. For contracts of less than £10,000 but more than £5,000 quotations shall be obtained from three appropriate suppliers. For contracts of less than £5,000 but more than £2,500 the number of quotations obtained is discretionary.

(ii) for expenditures of £2500 or less in value the Chairman of the spending committee or his appointed Vice Chairman together with the CEO or the duly authorised deputy shall have executive power.

c. When applications are made to waive standing orders relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the Council.

d. Every exception made by a Committee to which the power of making contracts has been delegated shall be reported to the Council and the report shall specify the emergency by which the exception shall have been justified.

e. Such invitation to tender shall state the general nature of the intended contract and the CEO 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 CEO and the last date by which such tenders should reach the CEO in the ordinary course of post. Each tendering firm shall be

supplied with a specially 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 CEO/DCEO in the presence of at least one member of the Council (normally Chairman/Vice Chairman of the appropriate Committee).
- g. If less than three tenders are received for contracts valued above £2500 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 standing order shall contain a statement of the effect of standing order Nos .AA, BB and CC.
- i. The Council does not bind itself to accept the lowest of any tender but will give full consideration to all tenders received.

## **12. Payment 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.
- 12.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum of 5% or more a report shall be submitted to the appropriate Committee.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Clerk in writing, the appropriate Committee/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 must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time delivery is made.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for six monthly check of all stocks and stores.

## **14. Properties and Estates**

- 14.1 The CEO 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 **2003**.

14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council.

## **15. Insurance**

15.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers.

15.2 The CEO shall consider prompt notification to the insurer 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.

15.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

## **16. Revision of Financial Regulations**

16.1 It shall be the duty of the Establishment & Policy Committee to review the financial regulations of the Council from time to time and to make such recommendations to the Council as the Committee considers are required.

### **Revised by Establishment & Policy Committee**

**02.12.04 Confirmed at the following full Council meeting**

**01.12.05 Confirmed at the following full Council meeting**

**07.12.06 Confirmed at the following full Council meeting**

**29.11.07 Confirmed at the following full Council meeting**

**27.11.08 Confirmed at the following full Council meeting**