

Haverhill Town Council

Financial Regulations

Adopted 23rd September 2014



HAVERHILL
TOWN COUNCIL

Contents

1. General Regulations
2. Annual Estimates
3. Budgetary Control
4. Accounting and Audit
5. Banking Arrangements and Payments
6. Payment of Accounts
7. Payment of salaries
8. Loans and Investments
9. Income
10. Orders for Goods, Works and Services
11. Contracts
12. Payment Under Contracts for Building or Other Works
13. Stores and Equipment
14. Properties and Estates
15. Insurance
16. Charities
17. Risk Management
18. Delegation
19. Revision of Financial Regulations

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 Clerk has been appointed as RFO for this council and these regulations will apply accordingly.

1.3 The Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.

1.5 The RFO shall be responsible for the production of financial management information.

1.5 The Council shall be responsible through the Finance Committee for ensuring that the financial management is adequate and effective and that there is a system of internal controls which facilitates the effective exercise of its functions and manages risk.

1.6 At least once a year, prior to approving the Annual Governance Statement, the council shall review the effectiveness of its system of internal control which shall be in accordance with proper practices

2 Annual Estimates

2.1 The RFO will formulate draft budget proposals based on the agreed Council Work Plan, to be submitted to the Finance Committee not later than October each year.

2.2 The Finance 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.

2.3 In every year, during budget preparation but in any event not later than the meeting at which the estimates for next year are settled, the Personnel Committee with delegated powers, shall review the pay and conditions of service of existing employees and report to the Council.

2.4 Detailed estimates of all receipts and payments for the coming financial year shall be prepared each December by the RFO.

2.5 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 no later than the end of January each year. The RFO shall supply each member with a copy of the approved estimates.

2.6 The annual budgets shall form the basis of financial control.

2.7 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..

3 Budgetary Control

3.1 The RFO shall at each meeting provide the Finance Committee with a statement of income and expenditure to date under each heading of the budgets, comparing actual income and expenditure against that planned.

3.2 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 urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £5000. The RFO shall report the action to the next available meeting of the Finance Committee.

3.3 The RFO has delegated authority to spend to the limits of expenditure relating to identified budgetary headings, except that:

i) For single purchases over £2000 and up to £4000, the RFO will seek clearance of the Mayor or Deputy Mayor.

ii) For single purchases over £4000, even if it is within budget, authority shall be sought in advance from the Council.

iii) For expenditure greater than £7,500, three quotes to a common specification where possible shall be obtained from businesses judged by the Council to be competent to supply the goods, materials or works.

3.4 Unspent provisions in the revenue budget may not be carried forward and included as earmarked reserves in a subsequent year without approval by the Finance Committee.

3.5 No expenditure shall be incurred, no contract entered into, or tender accepted, 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.

3.7 All Service Level Agreements to be recorded on the accounts in individual nominal codes.

3.8 All errors in payments are to be reported to the Mayor or Deputy Mayor AND the Chairman or Vice Chairman of the Finance Committee within 5 working days of discovery and to the Finance Committee at its next meeting.

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 (England) Regulations 2011 as amended thereto.

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 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

timescale set by the Accounts and Audit (England) Regulations 2011 as amended, or set by the Auditor.

4.4 The RFO shall be responsible for ensuring that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations, in accordance the Accounts and Audit (England) Regulations 2011 as amended. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents for the purpose 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 Finance Committee shall ensure that it is satisfied with the effectiveness of internal audit on an annual basis in accordance with the Accounts and Audit (England) Regulations 2011, and any subsequent amendments.

4.6 The Internal Auditor shall carry out the work required by the RFO and the Council, with a view to satisfactory completion of the 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 the Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.

4.7 The RFO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers required by the Audit Commission Act 1998 section15 and the Accounts and Audit (England) Regulations 2011 as amended.

4.8 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 Payments

5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be kept under monthly review to monitor efficiency.

5.2 Any Member shall be able to inspect all payments and income of the Council subject to allowing sufficient time for this information to be provided.

5.3 Power to sign cheques/Banking Automated Credit System (BACS) confirmations will be delegated to the following:

Mayor, Chair of Finance Committee, Chair of Planning Committee, Chair of Leisure & Community Committee, Chair of Appeals Committee, or any other Member of the Finance Committee, so that there will ordinarily be four authorised signatories. After the Annual meeting of the Council or after an election, at least two named Members are to remain signatories until the authorisation of newly appointed signatories has been processed. The list of names may be amended at any time by resolution of the Council.

5.4 No employee of the Council may be a signatory to any bank account held by the Council.

5.5 To indicate agreement of the details shown on the cheque or order for payment with the invoice, or similar documentation, the signatories shall each also sign a payment request slip to confirm that they have seen a copy of the invoice, delivery notes and any other supporting documents provided to them.

5.6 A list of all payments made must be maintained, reported to the Finance Committee and checked against the bank statement by a member of that committee.

5.7 All BACS payments must be identified on the bank statement in a way which facilitates clear reference to the payment request slip which carries the authorisation for the expenditure.

5.8 The council must approve entry into a 'pooling' or 'sweep' arrangement whereby the bank periodically aggregates the council's various balances via automatic transfers.

6 Payment of Accounts

6.1 All payments (other than petty cash) shall be effected by cheque or other order drawn on the Council's bankers including BACS payments.

6.2 Payment request slips record the authority under which payment is made; either by reference to the relevant minute or the meeting of the Council where payment was agreed in the case of grants and SLA payments, or by reference to the relevant minute of the meeting at which the relevant budget was agreed, in the case of project work and general expenditure.

6.3 Clear segregation of duties must be maintained at all times. Payment requests are signed by;

i. The Finance Administrator to signify that the payment has been properly recorded in the accounts of the Council.

ii. The originating officer (except where payment is to the originating officer) to signify that the payment is requested by them to facilitate the proper discharge of their duties on behalf of the Council.

iii. The Town Clerk (except where payment is to the Town Clerk) to signify their authorisation of the payment.

6.4 Payments over £2500 require further authorisation by signature of a member of the Finance Committee other than a signatory to the cheque (the member signing the authorisation shall not have personal or pecuniary interest in the payment.)

6.5 Payments to or for the benefit of the Town Clerk must be authorised by a member of the Finance Committee other than and in addition to a signatory to the cheque.

6.6 All invoices for payment shall be examined, verified and certified by the Clerk. The 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.

6.7 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 in a timely manner.

6.8 The RFO shall maintain a petty cash float of £200 for the purposes of defraying minor operational and other expenses. Vouchers for payments made shall be kept to substantiate the payment.

6.9 A petty cash book and imprest system will be maintained.

6.10 Cash income received must not be paid into the petty cash float, but must be separately banked as provided elsewhere in these regulations.

6.11 Cheques must not be prepared for payments that will not be promptly issued.

7 Payment of Salaries

7.3 All time sheets shall show a clear record of hours worked, sick leave, annual leave or other absence and be certified as to accuracy by or on behalf of the Responsible Financial Officer.

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. Salaries shall be reviewed and agreed by the Personnel Committee with approval by the Council.

7.2 Payment of salaries are to be net of deductions as may be required to be made for tax, national insurance and pension contributions.

7.3 Salary payments to staff are to be arranged in a timely manner to ensure that payment is made not later than the 23rd day of each month.

7.4 No changes shall be made to any employee's pay, emoluments or terms and conditions of employment without the prior consent of the Personnel Committee.

8 Loans and Investments

8.1 The Council shall not loan, invest or borrow funds unless it has determined that it is eligible to use the General Power of Competence and resolved to use that power at the time and has complied with other relevant regulations.

8.2 The Council shall agree an Investment Policy if it decides to make investments at any time in accordance with the Trustee Act 2000, and that policy shall be reviewed on a regular basis (at least annually).

8.3 Any loan of money under the control of the Council shall be in the name of the Council

8.4 Any investments of money under the control of the Council shall be in the name of the Council.

8.5 All borrowings shall be made 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.

8.6 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 agreed annually by the Council and notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.

9.3 The Finance Committee will review all fees and charges annually, following a report by the Clerk.

9.4 Any sums found to be irrecoverable and any payment at risk (due sums remaining unpaid 60 days after the invoice was issued) shall be reported to the Finance Committee, and bad debts shall be written off within the financial 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 Orders for Goods, Works 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 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,

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.

11 Contracts

11.1 Procedures as to contract follow. Every contract shall comply with these financial regulations subject to emergency requirements, but taking into account normal day to day working arrangements covered by the following where it would be counterproductive or impossible to obtain quotes/tenders:

- i. for the supply of gas, electricity, water, sewerage and telephone services where best value shall be obtained;
- ii. for specialist services such as are provided by solicitors, accountants, surveyors, architects, planning consultants, artists/designers and information technology;
- iii. for work to be executed or goods or materials to be supplied which consist of repairs to or 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 £500 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chairman of the Finance Committee);
- vi. for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- vii. for professional services in which the personal skill and experience of the person is of primary importance.

11.2 Where the Council resolves to approach St Edmundsbury Borough Council, Suffolk County Council or another public sector body to obtain goods, materials or services through their contracts with suppliers or contractors in order to take advantage of their expertise and of the competitive terms that the body has been able to negotiate due to economies of scale.

11.3 Where it is intended to enter into a contract exceeding £20,000 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 11.1, the RFO shall invite tenders from at least three firms to be taken from the appropriate approved list* following public advertisement inviting interest in tendering and if appropriate, consultation with Principal Authorities or other professional advisors.

*The appropriate approved list shall be a list drawn up by the Clerk and approved by Council but shall be based on the list maintained by the Borough Council for such works.

11.4 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 Finance Committee.

11.5 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 address to the RFO. 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.

11.6 All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of at least one member of Council.

11.7 If less than three tenders are received for contracts over £20,000, 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.

11.8 When the Council is to enter into a contract less than £20,000 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 set out in paragraph 11.1, the RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 the RFO shall strive to obtain best value at all times.

11.9 The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

11.10 Whilst every effort will be made to include businesses within Haverhill in opportunities to bid for Council work, the duty of the Council is to obtain best value and no preferential treatment can be given to local businesses within purchasing arrangements.

12 Payments under Contract 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 withholdings 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 10% or more, a report shall be submitted to the Council.

12.3 Any variations to, addition to or omission from a contract, must be approved by the Council and the RFO in writing to the Contractor, 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 quantity 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 and Land Registry Certificates of properties held by the council. The RFO shall ensure a record is maintained of all properties held 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 Accounts and Audit Regulations.

14.2 No tangible moveable property shall be purchased or otherwise acquired, 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 £500.

14.3 No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law, In each case a Report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

14.4 No real property (interests in land) shall be purchased or acquired without the authority of the full council. In each case a Report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

14.5 Subject only to the limit set in Reg 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full council. In each case a Report in writing shall be provided to council with a full business case

14.5 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

15 Insurance

15.1 The RFO will keep an Inventory of all equipment, IT, and furniture and present this for ratification by the Finance Committee annually.

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

15.3 The RFO shall give notification at the next Finance Committee of all new risks, properties or vehicles, which require to be insured, and of any alterations affecting existing insurances.

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

15.5 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 the Finance Committee at the next available meeting.

15.6 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

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 the Charity Law and legislation, or as determined by the Charity Commission. The Clerk and RFO 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 RFO shall carry out a Financial Risk Assessment on an annual basis in accordance with the Accounts and Audit (England) Regulations 2011, and any subsequent amendments, which shall form part of the annual governance statement.

17.2 When considering any new activity, the RFO shall prepare a report to the Council which will address the legal and financial liabilities and Risk Management issues that arise for Council to consider.

18 Delegation

The Finance Administrator will act in the absence of the RFO relating to financial matters.

19 Revision Of Financial Regulations

It shall be the duty of the Council to review the Financial Regulations of the Council at least annually