

# **SANDOWN TOWN COUNCIL**

## **FINANCIAL REGULATIONS 2018**

**To be read in conjunction with Standing Orders as adopted by the Town Council**

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## **1. GENERAL**

- 1.1 These Financial Regulations shall govern the conduct of the financial management of the Council and may only be amended or varied by resolution of the Council or by Government legislation and shall be read in conjunction with Standing Orders adopted by the Council
- 1.2 The Council shall appoint a person to act as the Councils Responsible Financial Officer (R.F.O.) to work in conjunction with and under the direction of the Town Clerk. The Town Clerk may, if desired also be the R.F.O.
- 1.3 The RFO will be responsible for the proper administration of the Town Councils financial affairs and will be responsible for the production of financial management information as required by the Town Clerk and Council.

## **2. ANNUAL ESTIMATES/PRECEPT**

- 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 November.
- 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 by the RFO in the form of a draft budget in consultation of the Town Clerk. This draft will be made available to all members before being considered by the Council.
- 2.3 The Council shall set the budget and not later than the end of February shall fix the precept 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 which shall form the basis of financial control for the ensuing year.

## **3. RISK MANAGEMENT ASSESSMENT**

- 3.1 The RFO will produce a Risk Management Assessment document each year for consideration by the Council as part of Internal Control.
- 3.2 Once agreed, the Risk Management Assessment must be formally approved IN February to stand alongside the full year budget.
- 3.3 The RFO or Town Clerk will highlight at the earliest opportunity, where there are indications that a risk referred to within the Assessment is becoming active. The Council will consider the matter and recommend any necessary action.

## **4. BUDGETARY CONTROL**

- 4.1 Expenditure should always be in accordance with the annual estimated budget and precept levied.

- 4.2 The RFO will advise the Council of any planned expenditure that will exceed the budget. Should they still wish to proceed with the expenditure, the Council must indicate from where such overspend should be funded
- 4.3 All items of expenditure exceeding £2,000 incurred on behalf of the Town Council must be approved by specific resolution of the Town Council unless approved by the Council within the budget set for that financial year.
- 4.4 All Councillors shall have the right to question the RFO as to the content of any financial figures provided.
- 4.5 The RFO can vire amounts up to £500 in the budget with the Town Clerk's authorisation but will report back any virements at the next meeting of the Council.

## **5. ACCOUNTING AND AUDIT**

- 5.1 All accounting procedures and financial records of the Town Council shall be determined by the Town Clerk, as required by the Accounts and Audit (England) Regulations, 1996 and 2011 and in accordance with the Audit Commission Act 1998 Sections 15 &16.
- 5.2 The RFO is responsible for ensuring the annual accounts of the Town Council are completed as soon as practicable after the end of the financial year and will submit a copy to each member before the end of May. The RFO will also report thereon to the meeting of the Town Council.
- 5.3 The Town Council will employ a competent internal auditor independent of the operations of the Council. The internal auditor shall be free from any conflict of interest and have no involvement in the financial decision making of the Council. The internal auditor will undertake the role in accordance with regulation 6 of the Accounts and Audit Regulations 2003.
- 5.4 The internal auditor will complete their work no later than May in each year. Their written report will be provided to, and considered by, members at the first monthly meeting after its completion.
- 5.5 The Annual Statement of Accounts, required for external audit, must be prepared by the RFO for formal approval at the June meeting. T.
- 5.6 The Town Clerk will ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices.

## **6. STAFFING**

- 6.1 Council employees will be employed on the National Agreement of Pay and Conditions of Service of the National Joint Council (NJC) for Local Government Service.

## **7. BANKING ARRANGEMENT AND CHEQUES**

- 7.1 The Town Council's banking arrangements will be approved by the Town Council.

- 7.2 At least two accounts will be maintained: a current account and a deposit account.
- 7.3 Banking income see regulation 13
- 7.4 Cheques and withdrawal forms will be signed by the Town Clerk with two confirmatory signatures being obtained from Council Members.
- 7.5 The signatories shall each initial the counterfoil and invoice or payment voucher.
- 7.7 A list of cheque signatories will be maintained.
- 7.8 The bank debit card may be used up to a limit of £200 in any one transaction and reported as payments schedule at the monthly meeting. Any expenditure exceeding the limit shall require signed authority from the Mayor/Deputy Mayor.
- 7.9 Banking arrangements shall be reviewed annually.

#### **7.10 Internet Banking**

- 7.10.1 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.
- 7.10.2 Where internet banking arrangements are made with any bank, the Town Clerk shall be appointed as the Service Administrator.  
  
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.
- 7.10.3 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.
- 7.10.4 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 Councillors and the Town Clerk

#### **8. PAYMENT OF ACCOUNTS**

- 8.1 Apart from petty cash payments (*dealt with as no: 15*) all accounts will be paid by either cheque or internet banking or other order drawn on the Town Council’s bankers.
- 8.2 Before certifying any invoice, the RFO will satisfy that the work, goods or services to which the invoice relates have been carried out, received, examined and approved.

- 8.3 All invoices under £1000 will be examined, verified and certified by RFO
- 8.4 All invoices over £1000 will be examined, verified and certified by the RFO and the Town Clerk.
- 8.5 The RFO, when satisfied as to the validity of the invoice, will take reasonable steps to settle invoices received within any time period agreed with the contractor, or supplier. The Council will normally wish to negotiate, and pay to, net monthly terms.
- 8.5 All certificated invoices will be kept with the accounts for auditing purposes.
- 8.6 If a payment is necessary to avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1008, and the due date for payment is before the next scheduled meeting of the council, where the RFO can certify that there is not dispute or other reason to delay payment, the RFO may take all necessary steps to settle such invoices provided that a list of such payments shall be submitted to the next meeting of the council for ratification.
- 8.7 The RFO will deal with the VAT element of each invoice ensuring the correct sum is recovered as appropriate from HM Revenues and Customs.
- 8.8 Payment for utility supplies (energy, rates, telephone, and water) may be made by variable Direct Debit provided that the instructions are signed by 2 Members of the Council and any payment is reported to the Council meeting. All direct debits shall be reviewed annually.
- 8.9 A schedule of payments shall be prepared by the RFO and include as an agenda item for presentation at each Council meeting for approval. The payments will be verified against invoices by two members who are bank signatories and the schedule signed. The schedule will be appended to and form part of the minutes of the meeting and maintained with the invoices for audit.

## **9 PAYMENT OF SALARIES AND WAGES**

- 9.1 The salaries of the Town Clerk/ RFO will be paid monthly, in accordance with the terms agreed in their contract with the Town Council. The payment of any other salaried employee, will be paid monthly as per contract. Payment of salary for each calendar month will normally be paid by the 25<sup>th</sup> of the month.
- 9.2 All hourly paid employees must complete a separate time sheet every week, detailing the hours worked and the tasks performed. Each time sheet must be authorised by the Town Clerk before payment can be effected.
- 9.3 The RFO will be responsible for the calculation of wages and salaries and the payment thereof. Payment will be by BACS wherever possible.
- 9.4 The RFO will ensure that all relevant taxes are deducted as appropriate and payment for same made to the relevant authorities on a timely basis.

## **10. CONTRACTS FOR WORK AND GOODS AND SERVICES**

**Procedures are laid down as follows:-**

Every contract shall comply with these financial regulations, and no exception shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts that relate to items **10.1 to 10.3**

- 10.1 For the supply of gas, electricity, water, sewage and telephone services.
- 10.2 For specialist services such as are provided by solicitors, accountants, surveyors and planning consultant.
- 10.3 For work to be executed or goods or materials to be supplied which consists of repairs to or parts of existing machinery or equipment or plant.
- 10.4 For work to be executed or goods or materials be supplied which constitute an extension of existing contract by the Council.
- 10.5 For additional audit work of the external Auditor up to an estimate of £500.
- 10.6 For goods or materials proposed to be purchased which are priority articles and/or only sold at a fixed price.
- 10.7 The principle of best value will be embraced at all times when negotiating for any work, goods or services.
- 10.8 The Town Clerk, following consultation with the Town Mayor or appropriate Committee Chairman is empowered to purchase goods or services, or undertake emergency small works to the value of £2,000.
- 10.9 When applications are made to waive financial regulations relating to contract to enable a price to be negotiated without competition the reason shall be embodied in the recommendation to the Council.
- 10.10 For work of a value of £5,000 but less than £15,000, three written quotations shall be obtained and brought to a meeting of the Council for approval.
- 10.11 For work less than £5,000 three written estimates shall be obtained.
- 10.12 When contracts exceed EU thresholds EU procurement directives must be followed.
- 10.13 Any tender received after specified time shall remain unopened, save that such tender may be considered when the Council is satisfied that there is evidence of posting in time for delivery by the normal course of postal delivery and the other tenders have not been opened
- 10.14 All tenders received in respect of any particular contract shall be opened at one time by the Town Clerk in the presence of at least two members.
- 10.15 The Town Clerk will keep on file:
  - 10.15.1 A copy of all advertisements for expressions of interest in a contract

10.15.2 A record of the number of expressions of interest received should be kept together with a list of those selected for further discussions.

10.15.3 The criteria used in the selection process should be recorded and the candidate's scores should be kept on file.

10.16 All contracts entered into by the Town Council will be passed by resolution made by the Town Council.

10.17 The Town Clerk will maintain a Register with details of companies tendering for contracts, tenders received and details of tender opening and evaluation and the Town Councils decision.

10.18 Whilst best value principles must always be adopted when deciding upon a contract, the Town Council will not be bound to select the lowest, or any tender.

10.19 In accordance with the Transparency Code Compliance, details of orders, commissioned activities, contracts and any legally enforceable agreements of a value that exceeds £5000 and invitations to tender for contracts and services of a value that exceeds £5000 will be made available on the Town Council website.

## **11. LOANS AND INVESTMENTS**

11.1 All loans and investments will be negotiated by the RFO in the name of the Town Council. Changes must be reported to the Town Council at the earliest opportunity.

11.2 All certificates, statements, and other documents relating to banking matters and investments will be retained in the custody of the Town Clerk.

11.3 The Council shall consider the need for an investment policy, which shall be in accordance with relevant regulations, proper practices and guidance. Any policy shall be reviewed annually.

11.5 All investments and borrowings shall be affected in the name of the Council after obtaining any necessary borrowing approval. Any application for borrowing shall be approved by the Council as to terms and purpose.

## **12. TOWN GRANTS**

12.1 Any organisation or club applying for a Town Council Grant must complete a Grant Application Form to be submitted by a specified deadline.

12.2 Grant applications will be considered by the Council within the approved budget allocated by the Council.

12.3 Grant applicants may be invited to speak for up to three minutes and answer members' questions at the meeting which considers their application.

12.4 In accordance with the Transparency Code compliance all grants over £500 will be listed on the Town Council website.

### **13. INCOME**

13.1 The collection of any sums due to the Town Council will be the responsibility of the RFO. Any sums found to be irrecoverable and any bad debts shall be reported to the Council as to whether the debts shall be written off.

13.2 All sums due to the Town Council will be banked as soon as possible but must be banked within five working days of receipt ( Insurance Company policy may demand more frequent banking)

13.3 All cash paid from hall hire will be recorded on the date of receipt and kept safe until banked as 13.2 or if the total sum exceeds £200.

13.4 The RFO shall ensure prompt completion of VAT returns in accordance with the requirements of HM Revenue and Customs. Any refund claim due to the Council shall be made at least annually coinciding with the year end.

13.5 No personal cheques shall not be cashed out of money held on behalf of the Council.

### **14. INSURANCE**

14.1 The RFO will deal with all insurance matters and negotiate all claims on the Town Councils insurers.

14.2 The RFO and Town Clerk will ensure the Town Councils property; effects and risks are covered by policy and annually review the situation.

14.3 The Town Clerk or RFO will advise the Town Council at the earliest opportunity in the event of any known loss liability or other situation, which may lead to a claim

14.4 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.

14.5 As a requirement of the insurance sector, an insurance inventory of the Town Council's assets will identify both purchase and the replacement values of items.

### **15. PETTY CASH**

15.1 Reimbursement of petty cash will be by cheque from the bank account and not from any income stream.



15.2 The RFO is responsible for petty cash and floats which will be independently checked on an intermittent basis by the Town Clerk or as part of the Council Internal Review.

15.3 A £30 limit to the value of any single petty cash transaction is allowed.

15.4 The float levels are set at £100

## **16. ASSETS, PROPERTIES AND ESTATES**

16.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council.

The Asset Register should include the following, whether purchased, gifted or otherwise acquired, together with their holding location:

- All land and buildings held freehold or on long term lease in the name of the Council,
- community assets,
- vehicles, plant and machinery,
- assets considered to be portable, attractive or of community significance,
- other assets estimated or known to have a minimum purchase or resale value of £100
- long term investments, shares and loans made by the Council

16.2 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.

16.3 The Town Clerk shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date.

16.4 The continued existence of tangible assets shown in the Register shall be verified at least annually, in the month of February in conjunction with a health and safety inspection of external assets.

16.5 For insurance purposes see 14.5

## **17. HIRE OF TOWN COUNCIL FACILITIES**

17.1 All aspects of hire are the responsibility of the Town Clerk in accordance with policy.

17.2 The Town Council will review fees and charges of hire annually.

**18     DATA PROTECTION ACT**

18.1   The Town Clerk/ RFO will ensure all aspects of the Data Protection Act are adhered to.

**19.   FINANCIAL SCHEDULE**

19     The attached schedule is appended to and forms part of these Financial Regulations.

**20    REVIEW OF REGULATIONS**

20.1   These financial regulations shall be reviewed at ever two years or more often if appropriate due to changes in legislation.

20.2   Any update or amendment shall be reviewed by the Council for approval.

**These financial regulations were approved at the Town Council meeting held on 15<sup>th</sup> January 2018.**

**Minute No: .....**

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**Amendments:**