

Royal Wootton Bassett Town Council

*ADOPTED BY COUNCIL
8th December 2016*

Financial Regulations

Annexes Attached as follows:

Annex A – Responsible Financial Officer Duties and Responsibilities

Annex B – Treasury Management Policy

Annex C – Financial Management Strategy

FINAL REVIEW DRAFT – 2016
ROYAL WOOTTON BASSETT TOWN COUNCIL
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. Financial regulations must be observed in conjunction with the council's standing orders.
- 1.2 The Town Clerk is the Responsible Financial Officer for the Town Council.
- 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 financial affairs, allowing that delegation to other members of staff is necessary. The RFO's duties and responsibilities are detailed at Annex A to these Financial Regulations.
- 1.4 Deliberate or willful breach of these regulations by an employee may give rise to disciplinary procedures.
- 1.5 In these financial regulations and any annex, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.
- 1.6 In these financial regulations and any annex the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability for Smaller Authorities in England - a Practitioners' Guide issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

2. Annual Budget Estimates

- 2.1 The Revenue and Resources Committee together with each Standing 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 The Revenue and Resources Committee shall receive the proposed budgets of all other Standing Committees before the full Budget is presented for adoption by the Council and shall make recommendations to the Council regarding adoption or otherwise.
- 2.3 The Council shall review the Budget 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 issue the precept to the billing authority and shall supply each member with a copy of the approved Budget.

2.4 The annual Budget 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.

3.2 No expenditure may be incurred which will exceed the amount provided in the revenue budget, without reference to the Revenue & Resources Committee, who may decide to refer the matter to the Council.

3.3 The RFO shall provide the Revenue & Resources Committee and the Council with a quarterly statement of Income and Expenditure under each head of the budgets, comparing actual expenditure against the Budget.

3.4 The Town 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 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 £5,000.

3.5 The Urgent Matters Sub-committee, as defined by the Scheme of Delegation, shall be authorised under extreme urgency to incur such expenditure up to the sum of £10,000. Such decisions, either by the RFO alone or the Urgent Matters Sub-committee, will be reported to the Town Council at the earliest opportunity.

3.6 Unspent provisions in the Revenue budget shall be carried forward to a subsequent year by approval of the RFO

3.7 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.

3.8 All 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 in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.

4.2 The RFO shall be responsible for ensuring completion of all accounts of the Council as soon as practicable after the end of the financial year and submission to the Council, and the Revenue and Resources Committee, for approval by resolution no later than 30 June each year.

4.3 The RFO shall be responsible for ensuring that there is an independent, adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. 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 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.

- 4.4 An Internal Auditor, who shall be competent and independent of the operations of the Council, shall be appointed by the Council. The Internal Auditor will report to the Council in writing as required.
- 4.5 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.
- 4.6 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity for inspection of the accounts, books, and vouchers required by the Accounts and Audit Regulations.
- 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 nature.

5. Banking Arrangements and Cheques

- 5.1 The Council's banking arrangements 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.
- 5.2 A schedule of the payments made is prepared by the Accountant and passed to the RFO for approval before being signed by two Council authorised signatories for signature of the cheques.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in Paragraph 5.2 shall be signed by any 2 members from the signature list. Due to the fact that the possibility exists for Councillors with aligned personal or commercial interests to sign the same cheque, the Council will not appoint members of the same family to sign cheques.
- 5.4 To indicate agreement of the details shown on the cheque or order for payments the signatories shall each also sign the schedule presented with the cheques for signature.

6 Payment of Accounts

- 6.1 The council will make safe and efficient arrangements for the making of its payments and all payments shall be effected by cheque or other instruction to the Council's bankers.
- 6.2 If a payment is necessary to be made to avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1998, or required under the Public Contracts Regulations 2015, the Town Clerk/RFO may take all necessary steps to settle such invoices.
- 6.3 If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable direct

debit provided that the instructions are signed by two members and any payments are reported to Council as made.

- 6.4 If thought appropriate by the Council, payment for certain items may be made by BACS or internet banking transfer provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, are retained and any payments are reported to Council as made.
- 6.5 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.
- 6.6 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.
- 6.7 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 All invoices for payment shall be examined, verified and coded by the relevant Department Team Leader, who shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 6.9 The Accountant shall scrutinise invoices in relation to arithmetical accuracy and coding shall post them to the appropriate expenditure heading. The Town Clerk shall approve the invoices for payment.
- 6.10 The RFO shall maintain a Petty Cash float not exceeding £500 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
- 6.11 Income received must not be paid into the Petty Cash Float but must be separately banked, as provided elsewhere in these regulations.
- 6.12 Payments to maintain Petty Cash Float shall be shown separately on the schedule of payments presented to Council as detailed in paragraph 5.2 above.

7 Payment of Salaries

- 7.1 The payment of 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 payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates.

8 Loans and Investments

- 8.1 All loans and investments shall be negotiated in the name of the Council and in accordance with the Council's Investment and Financial Management Strategy, which is attached hereto at Appendix B.
- 8.2 The Council's Investment Policy shall be in accordance with relevant regulations, proper practice and guidance, and shall be reviewed on a regular basis.
- 8.3 All investments and money under the control of the Council shall be in the name of the Council.
- 8.4 All borrowings shall be effected in the name of the Council, after obtaining the necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose.
- 8.5 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 The Council will review all fees and charges annually, following a report by the RFO or other relevant officer.
- 9.3 All sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year. Any bad debts amounting to less than £250 may be written off by the RFO but reported to the Council at the next appropriate meeting.
- 9.4 All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all income shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.5 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.6 The RFO shall ensure that any VAT Return that is required is promptly completed. Any repayment claims due in accordance with VAT Act 1994 section 33 shall be made quarterly.
- 9.7 Where any significant sums of cash are received by the Council, the RFO shall take such steps as are necessary to ensure that more than one person is present when the cash is counted in the first instance, and that appropriate care is taken in the security and safety of individuals banking such cash.

10. Orders for Works, Goods and Services

- 10.1 A Purchase Order or letter shall be issued for all work, goods and services unless a formal contract is prepared or an official order would be inappropriate. Copies of orders shall be retained.

- 10.2 A member may not issue a purchase order or make any contract on behalf of the Council.
- 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 Standing Orders 33 and 38 and any de minimis provisions in Regulation 11 below.

11. Contracts

- 11.1 Procedures as to contracts are laid down as follows:

11.1.1 Every contract shall comply with these financial regulations and no exceptions shall be made other than in an emergency as described at Regulation 3.5 provided that these Regulations shall not apply to contracts which relate to items 1 to 5 below.

1. For the supply of gas, electricity, water, sewerage and telephone services.
2. For specialist services such as provided by solicitors, accountants, surveyors and planning consultants.
3. For work to be executed, or goods/materials to be supplied which consist of 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 goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

11.1.2 Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 ("the Regulations") which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations¹.

11.1.3 The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)².

11.1.4 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 council.

11.1.5 Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders

¹ The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

² Thresholds currently applicable are:

- a. For public supply and public service contracts 209,000 Euros (£164,176)
- b. For public works contracts 5,225,000 Euros (£4,104,394)

must be addressed to the Clerk in the ordinary course of post. 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.

11.1.6 All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of the appointed members acting as a Tender Sub-Committee, which shall consist of at least 3 members of the Council. Those present shall sign and date a list of those tenders received.

11.1.7 Any invitation to tender issued under this regulation shall be subject to Standing Orders 33 and 38 and shall refer to the terms of the Bribery Act 2010.

11.1.8 When it is to enter into a contract of less than £25,000 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 Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £20,000 and £5,000 or above, the Clerk or RFO shall strive to obtain 3 estimates. Where the value is between £2000 and £4999 3 verbal quotes may be obtained with file notes. Otherwise, Regulation 10.3 above shall apply.

11.1.9 If less than three tenders are received for contracts above £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.

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

11.1.11 Should it occur that the council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

12. Payments Under Contracts for Building or Other Construction Works

12.1 Payments on account of the contract sum shall be made by the RFO within the time specified in the contract, upon receipt of authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage retention as may be agreed in the particular contract).

12.2 Where contracts provide for payments by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of the work carried out under contract, excluding agreed variations, will exceed the contract sum by 5% or more a report shall be submitted to the Council.

12.3 Any variation, addition to, or omission from, a contract must be approved by the Town 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 Assets, Properties and Estates

- 14.1 The Town 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 the Accounts and Audit Regulations.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents by law, save where the estimated value of any one item of tangible movable property does not exceed £100, in which case the Town Clerk may make the decision to dispose.
- 14.3 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.

15 Insurance

- 15.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.3 The RFO shall be notified of any loss, liability, damage or any event likely to lead to a claim, and shall report these to Council at the next available meeting.
- 15.4 All appropriate employees and members 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 the 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 as may be required by Charity Law or any Governing Document.

17 Risk Management

- 17.1 The Council is responsible for putting in place arrangements for the management of risk. Annually, the RFO shall carry out Risk Assessment and Management, using a robust, proportionate and appropriate method, across all activities of the Council together with a Risk Management Policy. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 17.2 All reports prepared for a decision by the Town Council shall include sections on “Financial Implications” and “Risk Assessment”.

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. The RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.