

BROMPTON 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.

1.2 The Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs and for this authority is the Proper Officer of the Council (Town Clerk).

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

1.4 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 which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.

1.5 The Council's accounting control systems must include measures:

- for the timely production of accounts;
- that provide for the safe and efficient safeguarding of public money;
- to prevent and detect inaccuracy and fraud; and
- identifying the duties of officers.

1.6 These financial regulations demonstrate how the council meets these responsibilities and requirements.

1.7 The RFO

- acts under the policy direction of the Council;
- administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices;
- determines on behalf of the Council its accounting records and accounting control systems;
- ensures the accounting control systems are observed;
- maintains the accounting records of the Council up to date in accordance with proper practices;
- assists the Council to secure economy, efficiency and effectiveness in the use of its resources; and
- produces financial management information as required by the Council.

1.8 The accounting records determined by the RFO shall be sufficient to show and explain the Council's 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 from time to time comply with the Accounts and Audit (England) Regulations 2011.

1.9 The accounting records maintained and determined by the RFO shall in particular contain:

- entries of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate;

- a record of the assets and liabilities of the Council; and
- wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

1.10 The accounting control systems maintained and determined by the RFO shall include procedures to ensure that the financial transactions of the council are recorded in the Minutes and any ledgers as soon as reasonably practicable; and measures to ensure that risk is properly managed.

1.11 The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

- ⤴ setting the final budget or the precept (Council Tax Requirement);
- ⤴ approving accounting statements;
- ⤴ approving an annual governance statement;
- ⤴ borrowing;
- ⤴ writing off bad debts;
- ⤴ declaring eligibility for the Power of General Competence; and
- ⤴ addressing recommendations in any report from the internal or external auditors;

These shall be a matter for the full Council only.

1.12 In addition the Council must:

- determine and keep under regular review the bank mandate for all Council bank accounts;
- approve any grant or a single commitment in excess of £1,000;
- At least every three years review its banking arrangements.

2. ANNUAL ESTIMATES

2.1 The Council in respect of revenue and capital costs for the following financial year shall agree its annual estimates no later than the end of December each year – or the end of November as the case may be depending on the date set by the District Council.

2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.

2.3 In reviewing its estimates in accordance with 2.1 above the Council shall fix the Precept to be levied for the ensuing financial year.

2.4 The annual budgets 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. No expenditure may be incurred which will exceed the amount provided in the budget without the prior consent of the Council.

3.2 Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:

- the Council for all items over £1,000;

- the Clerk, in conjunction with Chairman and Vice-Chairman, or in either's absence another member of the Council who is authorised to sign cheques for any items below £500.
- The Clerk for items less than £200

3.3 The RFO shall periodically provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.

3.4 After consultation with the Chairman and Vice-Chairman 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 £1,000. Such actions to be reported to the Council as soon as practical thereafter.

3.5 Unspent provisions in the revenue budget can be carried forward to a subsequent year.

3.6 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 No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Council.

3.9 The salary budgets are to be reviewed periodically as necessary, but at least every three years and automatic account will be taken of any National Pay Awards.

3.10 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances.

4. ACCOUNTING AND AUDIT (INTERNAL & EXTERNAL)

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, appropriate guidance and proper practices.

4.2 The RFO shall be responsible for completing the Accounts of the Council contained in the Annual Return and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 2003, or set by the External Auditor.

4.4 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. The RFO shall make available such documents and records as appear to the Council to be necessary for the purpose of the audit.

4.5 The Internal Auditor shall be appointed by the Council and shall carry out the work required by the RFO with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit (England) Regulations 2011.

4.6 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.

4.7 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts as directed by the External Auditor 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.

4.10 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 CHEQUES

5.1 The Council's banking arrangements shall be made by the Clerk and approved by the Council. They shall be periodically reviewed for efficiency.

5.2 A schedule of the payments required, forming part of the Agenda for the Meeting under the heading "Accounts" shall be prepared by the Clerk be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council and detailed in the Minutes of the Meeting.

5.3 Cheques drawn on the bank account in accordance with the schedule shall be signed by two members of Council.

5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

6. PAYMENT OF ACCOUNTS

6.1 All payments shall be effected by cheque drawn on the Council's bankers.

6.2 All invoices for payment shall be examined, verified and certified by the RFO shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.

6.3 The Clerk shall examine invoices in relation to arithmetic accuracy analyse and shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.

7. PETTY CASH

7.1 The Council does not operate any Petty Cash system. If Petty Cash is required for any reason the Clerk will claim this back through the Expense Account at the next monthly Council meeting.

8. PAYMENT OF SALARIES

8.1 Payment of salaries will be administered by the Payroll provider as agreed annually by the Council; the Payroll Provider being responsible for year-end returns to HMRC etc as regards the PAYE earn scheme.

8.2 Payment of all salaries shall be made in accordance with current HRMC regulations.

8.3 Salaries shall be as agreed by Council.

9 INCOME

9.1 The collection of all sums due to the Council shall be the responsibility of the Clerk.

9.2 The Clerk shall be responsible for the collection of all accounts due to the Council.

9.3 The Council will review all fees and charges annually, especially the level of Burial Fees following a report of the Clerk.

9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be considered to be written off in the year.

9.5 All sums received on behalf of the Council shall be deposited with the Council's bankers with such frequency as the Clerk considers necessary.

9.6 The origin of each receipt shall be entered on the paying-in slip.

9.8 The Clerk shall annually at the end of each financial year complete any VAT Return that is required and that such reclaim amounts be placed in the Council's High Interest Account to act as a contingency reserve sum.

10 ORDERS FOR WORK, GOODS AND SERVICES

10.1 An official order 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 The ordering process shall be controlled by the Clerk

10.3 All members and the RFO are responsible for obtaining value for money at all times. It needs to be ensured that in issuing an official order as far as reasonable and practicable the best available terms are obtained in respect of each transaction, usually by obtaining two or more quotations or estimates from appropriate suppliers, subject to any provisions in Regulation 12.1 below.

11.4 The Clerk 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, the Clerk shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

11.5 A member of the Council may not issue an official order or make any contract on behalf of the Council.

12 CONTRACTS

Procedures as to contracts are laid down as follows:

12.1 Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency or it is known that only one supplier of the particular goods or services exists. These regulations shall not apply to contracts which relate to items (i) to (vi) below:

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

(ii) for specialist services such as are provided by solicitors, accountants, 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 additional audit work of the external Auditor up to an estimated value of £300 (in excess of this sum the Clerk shall act after consultation with the Chairman and Vice Chairman of Council);

(vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

12.2 Where it is intended to enter into a contract exceeding £5,000 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 12.1 the Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.

12.3 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.

12.4 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 must be addressed to the Clerk in the ordinary course of postal delivery. 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.

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

12.6 If less than three tenders are received for contracts above £5,000 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.

12.7 Any invitation to tender issued under this regulation shall be subject to Standing Orders.

12.8 Where the Council is to enter into a contract of less than £5,000 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 12.1 the Clerk shall obtain 2 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £500 the Clerk shall strive to obtain 2 estimates. Otherwise, Regulation 11.3 above shall apply.

12.9 Where contracted works are anticipated to cost less than £100, the Clerk of the Council shall allocate the work to one of the approved contractors if there be any for that particular purpose. Public liability cover for each approved contractors should be not less than £5million and checked by the Clerk.

12.10 Where contracted works are anticipated to cost between £100 and £500, one or more of the approved contractors shall be invited first to submit a quotation and the lowest or any favourable quotation shall be accepted.

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

12.12 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.

12.13 The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

13. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

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

13.2 Where contracts provide for payment by instalments the Clerk 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 of 5% or more a report shall be submitted to the Council.

13.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

14. ASSETS, PROPERTIES AND ESTATES

14.2 The RFO shall ensure that an appropriate 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 Following an annual risk assessment, the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.

15.2 All new risks which require to be insured and any alterations thereof affecting existing insurances will be notified to the insurance company as soon as is practicable.

15.3 The Clerk shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Council at the next available meeting.

15.4 The Council shall review its insurance provision every three years.

16. CHARITIES

16.1 Where the Council is sole trustee of a Charitable body the Clerk 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 Clerk 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. The Clerk shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.

17.2 When considering any new activity the Clerk shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

17.3 At all times the Councils adopted corporate risk management protocol must be adhered to.

18 SUSPENSION AND 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 and in any case at least every 3 years. The Clerk 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.

18.2 The Council may, by resolution of the Council duly notified prior to the relevant meeting of Council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of council.

19. RESERVES

Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. The Council is therefore required to maintain adequate financial reserves to meet the needs of the Council.