



FERRYHILL TOWN COUNCIL

FINANCIAL REGULATIONS

Contents

	Page(s)
1 General _____	3
2 Introduction _____	3
3 Annual Budget _____	4
4 Supplementary Estimates _____	4
5 Capital Programme _____	4-5
6 Budgetary Control _____	5-6
7 Virement _____	6
8 Accounting Records and Control Systems _____	6
9 Internal Audit _____	6-7
10 Irregularities _____	7
11 Banking Arrangements _____	7
12 Treasury Management Arrangements _____	7-8
13 Orders for Work, Goods and Services _____	8
14 Contracts _____	8-9
15 Control of Expenditure _____	9-10
16 Control of Income _____	10-11
17 Petty Cash _____	11-12
18 Leasing _____	12
19 Salaries and Wages _____	12
20 Stocks and Stores _____	12-13
21 Assets, Property and Estates _____	13
22 Risk Management _____	13
23 Insurances _____	14
24 Security _____	14
25 Accounting Manuals and Instructions _____	14
26 Revision of Financial Regulations _____	14

1. GENERAL

- 1.1 The Town Clerk is the proper officer of the Town Council for the purpose of Section 112 of the Local Government Act 1972, and is also the responsible financial officer (RFO) for the purpose of Section 151 of the same Act.
- 1.2 In the event that the Town Clerk is unable to fulfil these responsibilities owing to illness or other cause the Council shall determine how the responsibilities imposed on the Council by the Act shall be met.
- 1.3 In these Regulations any reference to the “responsible officer acting on behalf of the Council” shall mean any specialist support which may be required to support the activities of the Council in particular circumstances e.g. an architect on capital works.

2. INTRODUCTION

- 2.1 These Financial Regulations govern the conduct of financial management within the Council and may only be amended or varied by resolution of the Council. 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 financial control which facilitates the effective exercise of its functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These Financial Regulations are designed to demonstrate how the Council meets these responsibilities.
- 2.2 It is the duty of Members and officers to be aware of the content of these Financial Regulations and to comply with their requirements.
- 2.3 The Town Clerk shall act as financial adviser to the Council and shall be responsible for the proper financial administration of the Council's affairs.
- 2.4 The Town Clerk shall be responsible for ensuring the production of regular financial management information.
- 2.5 It shall be the duty of the Resources Committee to regulate and control the finances of the Council. The Committee shall also be responsible for ensuring that Members and officers have due regard to the duties and responsibilities placed on the Council by relevant legislation in relation to financial matters.
- 2.6 The Town Clerk shall be consulted before any officer enters into any commitment which is likely to affect the finances of the Council.
- 2.7 It is illegal for a Member to enter into any financial commitment on behalf of the Council. (Section 101 of the Local Government Act 1972).
- 2.8 At least once a year, prior to approving the Annual Accounts, the Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.

3. ANNUAL BUDGET

- 3.1 Annual budgets for both revenue and capital income and expenditure for the following year, including the level and use of reserves and sources of funding, shall be prepared by the Town Clerk, in consultation with Members and the Finance and Administration Manager. He/she shall submit to the Council by no later than its December meeting a report detailing the financial position relating to the current year's budget, and the financial implications for the following year.
- 3.2 Following the December meeting, any proposed changes to the draft budget shall be submitted in writing to the Town Clerk at least two weeks prior to the Council's January meeting. The details submitted should include reasons for the proposed changes and the implications of the changes for the budget and the services provided by the Council, if agreed. Subject to the Town Clerk being satisfied that all of the relevant information has been provided by the Member proposing the changes, the proposals will be included in the report on the budget to be agreed at the January meeting of the Council. Any proposals presented at the January Council meeting which have not complied with this Regulation will not be considered.
- 3.3 The Council shall review the budget and, at its meeting in January, approve the budget and set the precept to be levied for the following financial year. The Town Clerk shall issue the precept to the billing authority by the due date.
- 3.4 The Town Clerk shall, as soon as is practical, provide each Member with a copy of the approved budget.
- 3.5 The approved budget shall form the basis of financial control for the following year.
- 3.6 The Council shall consider the need for and have regard to a three year forecast of revenue and capital expenditure and income, which should be prepared at the same time as the annual budget.

4. SUPPLEMENTARY ESTIMATES

- 4.1 Where it appears that expenditure may be incurred which is not provided for within the approved budget, and virement is not possible (see section 7 below), the Town Clerk shall submit to the Council, before the expenditure is incurred, a request for a supplementary estimate. The request shall be accompanied by a detailed statement in support of the proposed expenditure giving reasons why the expenditure cannot be found by economies in other budgets.

5. CAPITAL PROGRAMME

- 5.1 A capital programme shall be considered annually by the Council. The programme should cover a three year period.
- 5.2 Programmes shall be prepared by the Town Clerk and submitted to the Council for consideration as part of the budget process. The programme shall be supported by a written report detailing the nature of the schemes to be

undertaken and the financial resources available, including grants, to fund the programme.

- 5.3 Generally, only capital schemes within the approved capital programme may be undertaken in any financial year. However, in the event of a situation arising which warrants a capital scheme not already in the programme, for example the availability of significant funding, then a report may be submitted to Members recommending approval of the scheme.
- 5.4 For the purpose of these Regulations only expenditure which complies with the prescribed definition of capital, and with a value of £5,000 and above, shall be classed as capital.

6. BUDGETARY CONTROL

- 6.1 The Town Clerk may authorise spending within budget, under any budget heading, up to £5,000 on each occasion. Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 6.2 Each cost centre budget shall be, as far as is practical, allocated to an individual officer of the Council. It shall be the officer's responsibility to monitor the area(s) they are allocated to ensure that the cost centre total budget for the year is not exceeded.
- 6.3 No expenditure may be incurred that will exceed the amount provided in the revenue budgets, unless this can be accommodated by savings in other budget areas and subject to virement rules (see sections 4 above and 7 below).
- 6.4 The Town Clerk shall ensure that performance against the approved revenue budget and capital programme is monitored throughout the year, and that the overall budget is not overspent.
- 6.5 The Finance and Administration Manager shall ensure that statements detailing income and expenditure against the approved budget are produced on a monthly basis. These shall be reviewed by appropriate officers and, where it appears that expenditure may exceed approved budgets or income may fall short, steps must be taken to avoid these situations.
- 6.6 The Town Clerk shall arrange for the submission to the Resources Committee on a regular, but at least quarterly, basis a report detailing income and expenditure to date against the approved budget and highlighting any issues of concern of which Members should be aware. However, in the event of a situation arising which has the potential for a significant adverse financial impact on the Council, the Town Clerk shall submit a report to Members as soon as possible detailing the nature of the situation and possible means for addressing it.
- 6.7 Reasonable expenditure, up to £5,000, may be incurred by the Town Clerk to deal with an emergency situation, irrespective of whether there is budget provision.

- 6.8 Unspent provisions in the revenue budget at the year end shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the Council.

7. VIREMENT

- 7.1 The Town Clerk may authorise a virement proposal up to a maximum of £2,500 where no change in Council policy is involved. A proposal for virement in excess of £2,500, or where there is a change in Council policy, shall only be authorised by the Council.

8. ACCOUNTING RECORDS AND CONTROL SYSTEMS

- 8.1 All accounting procedures and financial records of the Council shall be determined by the Town Clerk in accordance with the provisions of the Accounts and Audit Regulations in effect at the time.
- 8.2 The Town Clerk shall be responsible for ensuring the completion of the annual accounts in accordance with the provisions of the Accounts and Audit Regulations in effect at the time.
- 8.3 The Town Clerk shall be responsible for submitting the annual accounts to the Council for approval in accordance with the timescale set by the Accounts and Audit Regulations in effect at the time.
- 8.4 The Town Clerk shall be responsible for the publication of the annual accounts in accordance with the provisions of the Accounts and Audit Regulations in effect at the time.

9. INTERNAL AUDIT

- 9.1 The Town Clerk shall be responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices and the provisions of the Accounts and Audit Regulations in effect at the time.
- 9.2 The Internal Auditor shall be appointed and shall carry out the work required by the Council in accordance with proper practices. The Internal Auditor shall be competent and independent of the operations of the Council. He/she shall report to the Corporate Governance Committee in writing or in person at least three times in a financial year with a minimum of one annual written report to the full Council in respect of each financial year. In order to demonstrate objectivity and independence, the Internal Auditor shall be free from any conflicts of interest and have no involvement in the financial decision-making, management or control of the Council.
- 9.3 Any officer or Member of the Council must make available at any reasonable time such documents and any other records that appear necessary for the purpose of the audit, and shall supply such information and explanation as is required for the purpose of the audit.

- 9.4 The Town Clerk shall, as soon as practicable, bring to the attention of all Members any correspondence or report from the Internal or External Auditor, unless it is of a purely administrative nature.

10. IRREGULARITIES

- 10.1 Any Member or officer of the Council who becomes aware of any financial irregularities, or suspected irregularities, shall immediately notify the Town Clerk who shall take such steps as he/she considers necessary by way of investigation and report, taking into account the nature of the irregularity.
- 10.2 If it is found that any significant loss has been incurred it shall be the responsibility of the Town Clerk to inform the Council and the external auditor.
- 10.3 If it is the Town Clerk that is suspected of financial irregularities then the Internal Auditor is to be contacted to discuss and advise on the concerns raised.

11. BANKING ARRANGEMENTS

- 11.1 The Council's banking arrangements shall be the responsibility of the Town Clerk. They must be approved by the Council, and shall be reviewed regularly for efficiency.
- 11.2 The Finance and Administration Manager shall be responsible for the control and issue of cheques.
- 11.3 All cheques drawn on the Council's current account, direct debit mandates and any scheduled payments made by electronic means must contain three signatures, two of which must be Members. The Town Clerk, Finance and Administration Manager and all Members are authorised to sign.
- 11.4 Online banking facilities are used to assist in the day to day management of the Council's bank account and cash balances, and to allow payment of invoices electronically.

12. TREASURY MANAGEMENT ARRANGEMENTS

- 12.1 The Council's treasury management arrangements shall be the responsibility of the Town Clerk. They must comply with the requirements of CIPFA's Code of Practice for Treasury Management, and must be reported to and approved by Members at a Full Council meeting in accordance with the Code, in the form of the Council's Treasury Management Strategy.
- 12.2 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy and any relevant Government directive.
- 12.3 Any loans shall be arranged only after obtaining any necessary borrowing approval, the terms and purpose of which having been approved by the Council.

- 12.4 All investment certificates and other documents relating thereto shall be maintained in the custody of the Town Clerk.

13. ORDERS FOR WORK, GOODS AND SERVICES

- 13.1 The Council's detailed rules for procurement, the award and management of contracts and tendering are set out separately in the Standing Orders for Contracts and Procurement.
- 13.2 An official order number or email if appropriate, shall be issued for all work, services and goods. Details of all official orders are held within the Town Councils electronic purchase order system.
- 13.3 In the event of an emergency requiring expenditure above the £5,000 limit delegated to the Town Clerk, discussions will be held with the Chair or Vice-Chair of the Resources Committee to agree appropriate actions to be taken and followed up with an update report at the next appropriate meeting.
- 13.4 Where the supply of goods, supply of services or the execution of works is to be on a continuing or regular basis, price quotations need not be obtained on every occasion but should be renewed and reviewed at least every 5 years or such longer periods as may be specified by the Council after taking into account the improved terms which may be obtained by entering into a longer contract or agreement.
- 13.5 The Town Clerk shall verify the lawful nature of any proposed purchase before the issue of any order. In the case of new or infrequent purchases the Town Clerk shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that members can record the powers being used.
- 13.6 All received quotes should be kept on a properly designated file and retained in accordance with the Council's Document Retention policy.

14 CONTRACTS

- 14.1 A list of exemptions to these financial regulations is identified in the Standing Orders for Contracts and Procurement.
- 14.2 The Council shall not be obliged to accept the lowest or any tender, quote or estimate, but must be able to demonstrate why the lowest is not accepted. In the event of it being proposed that the lowest tender not be accepted the Town Clerk shall, before awarding the contract, report to the Council with reasons justifying the rejection of the lowest tender.
- 14.3 All works carried out by a contractor must comply with relevant Health and Safety regulations.
- 14.4 A final certificate in respect of the completed contract shall not be issued until the contractor or sub-contractor has furnished a detailed statement of account for the whole of the contract supported by vouchers, documents and other relevant information.

- 14.5 Payments on account of a contract shall be made within the time specified in the contract or upon receipt of authorised certificates from the contractor or consultants engaged to supervise the contract. The certificate should show the original amount of the contract, the value of work executed to date, retention money, the total amount certified to date and the amount now certified. Where contracts provide for payment by instalments the Finance and Administration Manager shall maintain a record of all such payments.
- 14.6 In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses and contingencies, will exceed the contract sum by 5% or more a further report shall be submitted to the Resources Committee.
- 14.7 Any variation to a contract or addition to or omission from a contract must be approved by the Town Clerk in writing, in consultation with the Chair and Vice Chair of the Resources Committee, and reported to the committee where final cost is likely to exceed the budget.

15. CONTROL OF EXPENDITURE

- 15.1 The Council will make safe and efficient arrangements for the making of all payments.
- 15.2 No expenditure shall be incurred unless it is in accordance with the expressed policy and the requirements of the Financial Regulations of the Council, and is provided for in the annual estimates or any supplementary estimates approved by the Council.
- 15.3 All payments shall be made by electronic transfer wherever possible, cheque or debit card as per 15.4. However, if considered appropriate by the Council, payment for utility supplies (energy, telephone and water), non-domestic rates and certain other recurring expenses may be made by direct debit or standing order. Direct debit or standing order mandates shall be signed by two members authorised to sign, and must be countersigned by the Town Clerk and any payments made must be reported to the Council. The approval for the use of direct debits, standing orders and debit cards (and credit cards if considered appropriate) shall be renewed by resolution of the Council at its annual meeting every year.
- 15.4 The Council authorises the payment of invoices by BACS/Faster payments provided that the agreed procedures are followed. A schedule of payments made by this method must be signed by two Members authorised to sign, and must be countersigned by the Town Clerk prior to payments being made.
- 15.5 The Town Clerk and Finance and Administration Manager are authorised to use the Council's debit cards up to the financial limits within the Town Clerk's delegated authority where this is the most practical method of payment. Such authorisation may be delegated to other members of staff as considered necessary for the efficient operation of the Council.
- 15.6 Use of a debit card shall be restricted to meet costs arising when officers are away from the Town Hall, for example at conferences etc, for internet or phone purchases and in certain situations where supplies can be obtained cheaper

locally. All such payments shall appear on the automated report presented to the Resources Committee.

- 15.7 The pin numbers for the Council's debit cards MUST be different to those used by the officers for their personal cards.
- 15.8 When not in use, the cards must be kept in the safe at the Town Hall until required. The use of the card is controlled and recorded and audited by the Town Councils Internal Auditor annually.
- 15.9 When it is proposed to use a debit card steps should be taken to ensure that funds exist in the Council's current account to cover the intended expenditure.
- 15.10 Where expenditure is required to pay for emergency works i.e. in the case of health and safety issues, the Town Clerk is authorised to incur such reasonable expenditure as he/she considers appropriate in the circumstances.
- 15.11 All invoices shall be checked by the Finance and Administration Manager to ensure that they relate to the works, services or goods ordered and provided, that the amount is correct, the V.A.T. is included where appropriate, that they are arithmetically correct and that they are not copies. The Town Clerk will further check and authorise the invoice(s) for payment and the Finance and Administration Manager will process the invoice for payment in accordance with agreed procedures.
- 15.12 No payment shall be made on the basis of a copy invoice unless the copy is clearly marked as such by the supplier, and checks are carried out to ensure that payment has not already been made.
- 15.13 A schedule of payments made shall be submitted to Resources Committee at each meeting. If the schedule is in order it shall be agreed by the meeting and recorded as such in the minutes. The schedule shall be signed by the Chair of the Resources Committee at the meeting.

16. CONTROL OF INCOME

- 16.1 The Town Clerk shall ensure that adequate and effective arrangements exist to maximise the income from all sums due to the Council. He/she shall ensure that proper records are maintained and that control systems are in place in respect of cash handled in all sections of the Council.
- 16.2 All cash received (excluding ticket sales) must be processed through the till which is reconciled daily by the Reception/Communications Administrator or the Civic and Committees Administrator in their absence. Receipts can be issued from the till, and copies shall be kept on file.
- 16.3 Card payments are not processed through the till, but a receipt is issued for anyone paying by card and copies of the receipts are kept on the receipts file with the till receipts.
- 16.4 All sums received on behalf of the Council shall be banked intact and without delay by the Reception/Communications Administrator, as directed by the

Town Clerk. He/she shall take appropriate steps to ensure the security and safety of any officer banking cash.

- 16.5 Where the Council regularly receives a significant sum of cash the Town Clerk shall take steps to ensure that more than one person is present when the cash is counted.
- 16.6 Where appropriate, cash must be reconciled with some form of control document e.g. till roll, record of ticket sales etc. The till sales are reconciled and verified at the end of each week by the Finance and Administration Manager or Town Clerk in the absence of the Finance and Administration Manager.
- 16.7 The charges made for work undertaken, services provided and goods supplied shall be in accordance with those most recently approved by the Council. Where a charge is to be made which has not been approved by the Council the Town Clerk shall determine the appropriate charge and report the amendment to the next meeting of the Council.
- 16.8 All fees and charges shall be reviewed annually by the Council as part of the budget process, based on a report from the Town Clerk.
- 16.9 All grant claims to Government Departments or other organisations shall be submitted by the Town Clerk, or by agreement with him/her.
- 16.10 All appropriate steps must be taken to recover sums due to the Council. In bankruptcy and liquidation cases the Town Clerk may write out of the Council's accounts the full amount of monies due and thereafter pursue the Council's claim in accordance with the statutory process, where he considers it cost effective to do so.
- 16.11 Where the Town Clerk considers that the recovery process has been exhausted, and where further attempts at recovery would not be cost effective, a report shall be submitted to Members recommending that the debt be written off. The report shall provide full details of the debt and of action taken to recover the amount due. No debt shall be written off without the prior approval of the Council.
- 16.12 The accounts of the Council shall include an appropriate provision for bad debts.
- 16.13 The Finance and Administration Manager shall ensure the prompt completion of any VAT return.

17. PETTY CASH

- 17.1 The Town Clerk shall provide such advances as is considered appropriate for such officers of the Council as may need them for the payment of minor expenses.
- 17.2 Payments from petty cash must be supported by a receipt or other proof of payment.

17.3 All expenditure from petty cash will be recorded in the petty cash book, with all proof of payments attached to each page. The petty cash will be reimbursed by withdrawing the appropriate sum by the bank using the Council's debit card.

17.4 Petty cash must be kept in a locked safe.

18. LEASING

18.1 The Town Clerk shall be responsible for the negotiation and management of all leasing arrangements where expenditure has been authorised by the Council.

19. SALARIES, OVERTIME, MILEAGE AND EXPENSES FOR EMPLOYEES AND COUNCILLORS

19.1 As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation.

19.2 The Town Clerk shall be responsible for the authorisation of payment of salaries, overtime, mileage and expenses to all council employees and councillors. The Finance and Administration Manager shall ensure that all salaries, overtime, mileage and expenses are certified and processed in accordance with approved procedures. The Mayor or in their absence the Deputy Mayor, shall be responsible for the authorisation of the Town Clerk's mileage and expenses and the Finance and Administration Manager will process for payment in accordance with agreed procedures.

19.3 The Town Clerk shall be responsible for the authorisation of all timesheets and the Finance and Administration Manager will be responsible for checking and processing in accordance with approved procedures. The Mayor or in their absence the Deputy Mayor, shall be responsible for the authorisation of the Town Clerk's time sheet.

19.4 The Finance and Administration Manager shall ensure that records are kept of salaries and wages, and deductions therefrom, relating to the Council's employees.

19.5 The Finance and Administration Manager shall ensure that records are maintained of employees' absences, overtime, appointments, resignations etc in order to substantiate the salaries payroll.

19.6 Where appropriate, the payment of Members Allowances shall be made in accordance with nationally agreed rates, including travel and subsistence.

20. STOCKS AND STORES

20.1 The appropriate officer shall be responsible for the care and custody of stores and equipment relevant to their areas of operational responsibility.

20.2 Delivery notes shall be obtained in respect of all goods received into store, or otherwise delivered, and goods must be checked to ensure compliance with the order in terms of their nature, quantity and quality at the time the delivery is made.

- 20.3 Stocks shall be kept at the minimum level consistent with operational requirements.
- 20.4 Where appropriate, records shall be kept in an appropriate form of the receipt and issue of items of stock.
- 20.5 An audit of stocks should be undertaken at least annually by the Finance and Administration Manager and Neighbourhood Manager. Any stock variations or obsolete items of stock identified should be reported to the Town Clerk who may authorise deficiencies to be written off, subject to a maximum value of £500. Any variations of over £500 must be reported to the Council.
- 20.6 The Council's property shall not be removed, other than in accordance with the ordinary business of the Council, or used other than for Council purposes.

21. ASSETS, PROPERTY AND ESTATES

- 21.1 The Town Clerk shall make appropriate arrangements for the custody of all title deeds in respect of property owned by the Council. A record shall be maintained recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which the asset is held in accordance with the provisions of the Accounts and Audit Regulations in effect at the time.
- 21.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any consents required by law. Other assets which are no longer required or usable, such as plant, vehicles and equipment, may be sold without the authority of the Council. Steps should be taken to maximise sale proceeds.
- 21.3 The Town Clerk shall ensure that an accurate and up to date register of all assets is maintained. The continued existence of tangible assets shown in the register shall be verified at least annually.

22. RISK MANAGEMENT

- 22.1 The Council is responsible for putting into place arrangements for the effective management of risk.
- 22.2 The Town Clerk shall prepare and promote a risk management strategy statement in respect of all of the activities of the Council. The risk management strategy and consequent risk management arrangements shall be reviewed at least annually by the Council.
- 22.3 When considering any new activity the Town Clerk shall prepare a draft risk assessment for the activity and shall submit the draft, together with risk management proposals for the activity, to the Council for consideration and adoption.

23. INSURANCE

- 23.1 The Town Clerk shall determine, after appropriate consultation and taking into account the annual risk assessment (as per Regulation 22 above), the extent to which identified risks are to be covered by insurance.
- 23.2 The Town Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby.
- 23.3 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance policy, which shall cover the maximum risk exposure as determined by the Council.
- 23.4 The Town Clerk shall be promptly notified of all new risks, including the acquisition of property, vehicles and other assets and of any alterations in circumstances affecting existing cover.
- 23.5 Appropriate officers must immediately supply the Town Clerk with full particulars of any occurrence involving actual or potential loss to the Council or, arising out of which, a claim may be made by or against the Council which is covered by insurance. The particulars should include an estimate of the cost of making good any damage.
- 23.6 It shall be the responsibility of the Finance and Administration Manager to inform the Council's insurers of any amendments required to the Council's policy and submit claims under the existing policy promptly.

24. SECURITY

- 24.1 The Town Clerk shall be responsible for maintaining proper security of all the buildings, stocks, stores, furniture, equipment, cash etc of the Council. He/she shall be consulted where security is considered to be defective or where special security arrangements are thought appropriate.
- 24.2 Maximum limits for cash holdings shall be agreed with the Town Clerk and these shall not be exceeded without his express authority.

25. ACCOUNTING MANUALS AND INSTRUCTIONS

- 25.1 The Town Clerk shall ensure that the operating procedures of all significant systems are comprehensively documented and regularly reviewed.

26. REVISION OF FINANCIAL REGULATIONS

- 26.1 The Town Clerk is responsible for ensuring that the Financial Regulations are reviewed on an annual basis, updated where necessary and reported and approved by the Council.