

NAILSEA 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. They will be reviewed at the Annual Council Meeting.
- 1.2 The delegated powers of the Finance and General Purposes Committee are to incur expenditure within the delegated budget; to consider and make decisions on financial matters referred to it by the Town Council or its Committees; to manage the financial procedures including those required by legislation and regulations; to recommend appropriate changes to Financial Regulations and procedures; to manage publicity including the Web Site and to make decisions on matters requiring urgent attention.
- 1.3 The Council may delegate responsibility for expenditure to a Committee provided it is within the budget allocated by the Council.
- 1.4 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. For the purposes of this policy, the Town Clerk may also be the RFO or they may be separate individuals. Where the RFO is responsible for specific actions within this policy, they may delegate the action to another member of staff, whilst retaining full responsibility for accuracy and completeness.
- 1.5 The RFO shall be responsible for the production of financial management information.
- 1.6 The Chairman of the Finance and General Purposes Committee will check petty cash and sign the petty cash book to this effect, at random, on a regular basis.
- 1.7 The RFO's role will be confirmed at the Annual Council meeting.

2. ANNUAL ESTIMATES

- 2.1 Each Committee shall formulate and submit estimates 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 Council shall review the estimates not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.
- 2.3 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing

NAILSEA TOWN COUNCIL FINANCIAL REGULATIONS

year.

3. BUDGETARY CONTROL

- 3.1 Committees may incur expenditure on revenue/capital items up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred by a Committee which will exceed the overall amount of that Committee's annual budget without the permission of the Council.
- 3.3 The RFO shall at each meeting provide the Council with a statement of income & expenditure to date under each head of the budgets, comparing actual expenditure against that planned.
- 3.4 The 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 **£500**. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the budget may be carried forward into Specified Reserves by resolution of Town Council.
- 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.
- 3.7 All capital works shall be administered in accordance with the Council's standing orders and these financial regulations relating to contracts.
- 3.8 Grant applications must be accompanied by the latest financial statements of the applicants, whenever possible. Details of how any loan/grant in excess of **£500** is spent must be sent to the Council by the recipient within 6 months of completion of project.

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations 1996 and the Accounts and Audit (Amendment)(England) Regulations 2006, as amended.
- 4.2 The RFO shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.

NAILSEA TOWN COUNCIL FINANCIAL REGULATIONS

- 4.3 The RFO shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 1996 and the Accounts and Audit (Amendment)(England) 2006, as amended, or set by the Auditor.
- 4.4 The RFO shall be responsible for ensuring that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 1996 and in accordance with Regulation 6 of the Accounts and Audit (Amendment)(England) 2006 as amended. 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.
- 4.5 The Internal Auditor shall carry out the work required by the RFO, or by the Council, 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 Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.6 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 Regulations 1996 and the Accounts and Audit (Amendment)(England) Regulations 2006, as amended.
- 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 matter.
- 4.8 The Chairman of Finance and General Purposes should and other members of the Town Council may, periodically inspect the financial records.

5. BANKING ARRANGEMENTS AND CHEQUES

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency by the RFO following the internal auditors report and present these comments to the Finance and General Purposes Committee.
- 5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO and be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council.

NAILSEA TOWN COUNCIL FINANCIAL REGULATIONS

- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, shall be signed by two members of Council and countersigned by the Clerk. The Clerk is authorised to draw cheques on his/her signature only up to the value of **£250** for petty cash purposes.
- 5.4 Each cheque requiring signature will be accompanied by the relevant invoice or documentation relating to the expenditure.

6. PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by cheque or other order, including electronic transfer, drawn on the Council's bankers. Except payments under 6.6.
- 6.2 All invoices for payment shall be examined, verified and certified by the RFO. 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 RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.4 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the RFO certifies that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
- 6.5 The RFO may provide petty cash to officers or members for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement.
- 6.6 The RFO shall maintain a petty cash float of **£100** for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
- 6.7 The income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
- 6.8 Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under 5.2 above.

NAILSEA TOWN COUNCIL FINANCIAL REGULATIONS

7. PAYMENT OF SALARIES/EXPENSES

- 7.1 The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, 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, provided that each payment is reported to and ratified by the next available Council Meeting.
- 7.3 Requests for payment for overtime must be accompanied by the relevant time-sheet and given prior approval by the Clerk. Regular overtime should be sanctioned by the Council.
- 7.4 Claims for expenses must be submitted on the appropriate form and submitted to the RFO for verification.
- 7.5 Reasonable actual costs, reasonably incurred, may be claimed by councillors for journeys outside the Parish. However if this involves expenditure above **£50** then it must have prior approval by the Council.

8. LOANS AND INVESTMENTS

- 8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period.
- 8.2. The Council's investments shall be presented at the Annual Council meeting.
- 8.3 All investments of 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 any 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 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the

NAILSEA TOWN COUNCIL FINANCIAL REGULATIONS

Council.

- 9.3 The Council will review all fees and charges annually, following a report from the Clerk.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5 All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 9.9 Where any significant sums of cash over **£500** are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10. ORDERS FOR WORK, GOODS AND SERVICES

- 10.1 An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 10.2 Order books shall be controlled by the RFO but orders, approved by the Council, may be placed by the Clerk, Assistant Clerk, the RFO and the Administrative Officer.
- 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 any de minimis provisions in Regulation 11 (l) below.
- 10.4 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of unusual or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported

NAILSEA TOWN COUNCIL FINANCIAL REGULATIONS

to the meeting at which the order is approved so that the Minutes can record the power being used.

11. CONTRACTS

11.1 Procedures as to contracts are laid down as follows:

- (a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that 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 **£250** (in excess of this sum the Clerk and RFO 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.
- (b) Where it is intended to enter into a contract exceeding **£15,000** 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 shall invite tenders from at least three firms.
- (c) 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.
- (d) 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 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.
- (f) 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.
- (g) If less than three tenders are received for contracts above **£15,000** 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.

NAILSEA TOWN COUNCIL FINANCIAL REGULATIONS

- (h) Any invitation to tender issued under this regulation shall contain such information as is required under the Council's Standing Orders and included in the Council's Form of Tender document.
- (i) When it is to enter into a contract less than **£15,000** 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 **£1,500** Regulation 10 (3) above shall apply.
- (j) The Council shall not be obliged to accept the lowest of any tender quote or estimate.

12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Council.
- 12.3 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.

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.

NAILSEA TOWN COUNCIL FINANCIAL REGULATIONS

14. PROPERTIES AND ESTATES

- 14.1 The 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 Regulation 4(3)(b) of the Accounts and Audit Regulations 1996 and the Accounts and Audit (Amendment)(England) Regulations 2006, as amended.
- 14.2 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.
- 14.3 Any two members of Council may seal, on behalf of the Council, any document required by law to be issued under seal provided authority has been given by the Council.

15. INSURANCE

- 15.1 Following an annual risk assessment, the RFO shall affect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The Clerk shall give prompt notification of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and annually review it.
- 15.4 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Council at the next available meeting.
- 15.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

16. CHARITIES

- 16.1 Where the Council is sole trustee of a Charitable body the RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The RFO shall arrange for any Audit or Independent

NAILSEA TOWN COUNCIL FINANCIAL REGULATIONS

Examination as may be required by Charity Law or any Governing Document.

17. RISK MANAGEMENT

- 17.1 The RFO shall prepare and promote risk management statements in respect of all key activities of the Council and this shall be reviewed at the Annual Town Council meeting.
- 17.2 When considering any new activity the Clerk shall endeavour to bring to the attention of the Council any risks associated with the activity.

18. RESERVES

- 18.1 Council's have no legal powers to hold reserves other than those for reasonable working capital needs or for specifically earmarked purposes.
- 18.2 Reserves can be used for long term planned or exceptional (unbudgeted or higher than expected) expenditure on the following conditions:
- The expenditure must not be recurring
 - Income in reserves from the sale of fixed assets ('capital receipts'), such as the sale of land, can only be used for capital projects, such as the acquisition and enhancement of land, buildings, vehicles, plant and equipment.
- 18.3 The Council will hold a sum up to but no more than 6 months of its annual budget for exceptional (unbudgeted or higher than expected) expenditure.

19. VIREMENT

- 19.1 Budget allocations can be moved from one budget line to another during the course of a financial year, so long as the total expenditure for the financial year is not exceeded.

20. REVISION OF FINANCIAL REGULATIONS

- 20.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time.

NAILSEA TOWN COUNCIL FINANCIAL REGULATIONS

History

1. These Financial Regulations were adopted by the Council at its Meeting held on 18/12/02.
2. Reviewed by Finance and General Purposes Committee on 2nd June 2004 and adopted by the Council on 30th June 2004.
3. Reviewed by Finance and General Purposes Committee on 8th June 2005 and amendments adopted by the Council on 6 July 2005.
4. Items 18 and 19 recommended by Finance and General Purposes Committee on 28 September 2005 and approved by Town Council on 26 October 2005.
5. 11.1(i) was amended to read £1000 and not £1500. Recommended by the Finance and General Purposes Committee 14 June 2006.
6. Updated for reference to Accts & Audit Regs from 1996 to 2006 (Aug 06)
7. At the Town Council meeting of 13 December 2006 the following policy with regard to grants as recommended by the Policy Committee of 29 November 2006 was agreed (minute 116/06)
“Nailsea Town Council does not expect annual increases in regular grants to exceed the general rate of inflation, taking one year with another and subject to rounding as appropriate. However, consideration will be given to requests for grants outside this policy in specific circumstances.”
8. 11.1(i) was amended to read £1,500 and not £1,000. Recommended by Policy Committee 17th February 2010 and approved by Town Council 31st March 2010 (minute 27/10).
9. 1.2 was amended as follows:- ‘The delegated powers of the Finance and General Purposes Committee are to incur expenditure within the delegated budget; to consider and make decisions on financial matters referred to it by the Town Council or its Committees; to manage the financial procedures including those required by legislation and regulations; to recommend appropriate changes to Financial Regulations and procedures; to manage publicity including the Web Site and to make decisions on matters requiring urgent attention.’- Recommended by Policy Committee on 12th Jan 2011 and approved at Town Council on 30th March 2011 (min no. 32/11)
10. 3.5 was amended as follows:- ‘Unspent provisions in the budget may be carried forward into Specified Reserves by resolution of Town Council.’ – Recommended by Policy Committee on 12th Jan 2011 and approved at Town Council on 30th March 2011 (min no. 32/11)
11. Item 7.5 – it was resolved to ‘Recommend to Town council to agree to delete item 7.5’ – Recommended by Policy Committee on 12th Jan 2011 and approved at Town Council on 30th March 2011 (min no. 32/11)