



# **MADELEY TOWN COUNCIL**

# **Financial Regulations**

**Adopted 2002  
Rev -December 2018**

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## **MADELEY TOWN COUNCIL FINANCIAL REGULATIONS**

**These Financial Regulations were adopted by the Council at its meeting held on September 2<sup>nd</sup> 2002 (latest issue rev. 2018)**

In these Financial Regulations, references to the Account and Audit Regulations shall mean the Regulations issued under the provision of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these Financial Regulations the term 'proper practice(s)' shall refer to guidance issued in Governance and Accountability for Local Councils – A Practitioners' Guide (England) issued by the Joint Practitioners' Advisory Group (JPAG), available from the websites of the National Association of Local Councils (NALC) and the Society of Local Council Clerks (SLCC)

### **1. General**

- 1.1 The purpose of Financial Regulations is to ensure that public accountability and high standards of financial integrity are exercised over the control of public funds. In addition, they assist sound administration, reduce the risk of irregularities and support delivery of effective, efficient and economical services.
- 1.2 The Council is responsible in law for ensuring that the 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 and which manages risk and the prevention and detection of fraud and corruption.
- 1.3 These Financial Regulations shall govern the conduct of the financial management of the Council and may only be amended or varied by resolution of the Council.
- 1.4 The Responsible Finance Officer (RFO) is a statutory office to be appointed by the Council. The Responsible Finance Officer shall be responsible for the proper administration of the Council's finances under the policy direction of the Council in accordance with proper practices
- 1.5 The RFO shall ensure that the accounting control systems are observed and the accounting records of the Council are maintained and kept up-to-date in accordance with proper practices
- 1.6 The RFO shall be responsible for the production of financial management information as required by Council.
- 1.7 The Financial Regulations apply to all officers and Councillors. It is the responsibility of the RFO to ensure that they are followed and that all staff are adequately trained in their applications.
- 1.8 Failure to comply with Financial Regulations, or procedures issued under them may lead to disciplinary action for staff, or acting ultra vires for Councillors.
- 1.9 The Council shall review annually the effectiveness of its systems of internal controls and shall produce a statement on internal control with its statement of accounts

## 2. Control

- 2.1 Control of the Town Council, its decision making process, resources, budgets, precepts and staff rests with Council. Council may delegate much of its decision making and responsibilities to Committees under terms of reference specifying the objectives of the Committee, its membership, limitation of scope and functions
- 2.2 No decision-making powers may be passed to a single Councillor acting alone.
- 2.3 In order for the Council to function, the administration and execution of its decisions is delegated to the Clerk to the Council who is also the Proper Officer of the Council. In the absence of the Clerk to the Council, the Deputy Clerk shall undertake all the functions, duties and responsibilities of the Clerk to the Council

## 3. Responsibilities

- 3.1 Financial Regulations apply to all officers and Councillors
- **Elected Councillors** collectively provide the political and strategic direction of the Council.
  - **Officers** have specific responsibilities within the Council as shown below:-
    - The Clerk to the Council has overall financial responsibility
    - The Responsible Finance Officer undertakes all financial administration
    - The Events and Property Officer provides financial support services

## 4. Public Accountability - Responsibilities

### 4.1 General

- 4.1.1 A Councillor or officer of the Council must not, under cover of his/her position or office of employment, accept any fee or reward, other than his/her proper remuneration without the express permission of the Finance & General Purposes Committee.
- 4.1.2. A Councillor or officer of the Council must not accept any bribe or personal inducement in connection with the Council's business.
- 4.1.3 A Councillor or officer of the Council must not use Council property, assets or materials for other than the purposes of the Council.
- 4.1.4 A Councillor or officer of the Council must not subordinate his/her duty to the Council to his/her private interest or put himself/herself in a position where his/her duty and private interests' conflict.
- 4.1.5 Councillors should ensure that they follow the Councillor's Code of Conduct (adopted 2012).

## **4.2 Gifts**

- 4.2.1 Officers should follow the advice given in guidance relating to the Councillor's Code of Conduct, as adopted by the Council and contained in the Councillor's handbook, on the receipt of gifts and hospitality.

## **4.3 Relations with Clients and Contractors**

- 4.3.1 Councillors or Officers must not use any Council premises, resources or facilities for the execution of private work.
- 4.3.2 Officers must not work for any current or prospective supplier or contractor to the Council.

## **5. Financial Planning and Strategy**

- 5.1 The RFO shall, within the general direction of the Finance & General Purposes Committee, produce forecasts of financial resolutions and advise upon the financial implications of programmes and budget strategies.
- 5.2 All matters relating to the financial administration of the Council shall be kept under review by the Finance & General Purposes Committee.

## **6. Accounting Systems and Financial Records**

- 6.1 No variations shall be made to accounting records and procedures without the written agreement of the RFO. In particular, staff should confer with the RFO before introducing or amending any books, forms, records, administrative procedures or computerised systems used in conjunction with accounting for cash, income, expenditure, stores and financial transactions generally.
- 6.2 The RFO shall maintain all financial and other information as may be required to fully and accurately record the accounts of the Council, and report on its finances.

## **7. Financial Management - Revenue**

### **7.1 General**

- 7.1.1 This section of the regulations deals with preparation and approval of budgets, budgetary control and variations from budget provision.
- 7.1.2 No expenditure is to be incurred or reduction in income authorised unless covered by these regulations.

## **7.2 Preparation and Approval of Budget**

7.2.1 The Full Council will determine the overall spending plans of the Council.

7.2.2 The form of revenue estimates shall be determined by the RFO in consultation with Committees of the Council, within the general guidelines of the Finance & General Purposes Committee. Committee estimates shall be prepared annually before the start of the financial year, for presentation to the Finance & General Purposes Committee, for recommendation to Council in preparation of the Council's budget.

- each Committee shall formulate and submit proposals to the Council in respect of revenue services and capital projects (including the use of reserves and sources of funding) for the following financial year not later than December each year.
- detailed estimates of income and expenditure on revenue services and receipts and payments on capital account (including the use of reserves and sources of funding) shall be prepared each year by the RFO.
- the Finance and General Purposes Committee shall review the estimates and submit them in the form of a budget to be considered by Council not later than the end of January each year and shall recommend the Precept to be levied for the ensuing financial year. The RFO shall supply each Councillor with a copy of the approved estimates.
- the annual budgets shall form the basis of financial control for the ensuing year.

## **7.3 Budgetary Control**

7.3.1 Expenditure on the revenue account may be incurred up to the amounts included in each approved Committee budget.

7.3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate Committee revenue budget unless a virement has been approved by the Finance and General Purposes Committee or the Council.

7.3.3 The RFO is required to monitor budgets regularly during the year. If it is considered that a particular budget head requires increasing, virement must be sought before any overspending occurs (see virement).

7.3.4 Generally all Council budgets are prepared on a cash limited basis. The Finance and General Purposes Committee or Council may agree departures from the strict cash limit approach in exceptional circumstances and approve a supplementary estimate upon application from the relevant Committee which may be met by equivalent reductions elsewhere or use of reserves.

7.3.5 The RFO shall periodically provide the Council and Committees with a statement of income and expenditure to date under each budget heading, comparing actual income and expenditure against that planned.

- 7.3.6 The Clerk to the Council may incur expenditure on behalf of the Council which is deemed 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. The Clerk to the Council shall report the action to the appropriate Committee as soon as practicable thereafter.
- 7.3.7 Where expenditure is incurred in accordance with regulation 7.3.6 above and the sum required cannot be met from savings made elsewhere within that Committee's approved budget, it shall be subject to the provisions of supplementary estimate approved by the Finance and General Purposes Committee or the Council.
- 7.3.8 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year without the specific approval of the Finance and General Purposes Committee or placed in an Earmarked Reserve.
- 7.3.9 No expenditure shall be incurred in relation to any capital project and no contracts 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.
- 7.3.10 All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts

#### **7.4 Virement**

- 7.4.1 Virement between budget heads is an integral and important feature of budgetary control. It provides Council with the flexibility to adapt expenditure patterns that they consider appropriate in meeting changing locally determined service needs and objectives. Virement is defined as the RFO's ability to transfer sums from one budget head to another head or to establish a new budget head, in order to meet planned expenditure needs in accordance with policies and instructions of the Council.
- 7.4.2 Virement may be necessary for several reasons. For example:
- unforeseen cost increases
  - demand for a particular service in line with existing policies exceeding estimates.
  - a requirement to provide a different service from that anticipated at budget time to meet a particular situation, or
  - utilising efficiency or other savings
- 7.4.3 All virement decisions must be agreed by the Finance & General Purposes Committee before expenditure is incurred.

#### **7.5 Overspending**

- 7.5.1 No Committee should plan to overspend its budget. All expenditure plans should be consistent with Committee Business Plans. Potential overspends on particular budget heads will have been addressed during the year and, in some cases, virement will have been exercised.

## **8. Financial Management - Capital**

- 8.1 The Council will determine any capital programme for the Authority.
- 8.2 Any capital programme shall reflect the total cost and phasing of each approved scheme along with the proposed source(s) of funding.
- 8.3 The capital programme will demonstrate:-
- the original and revised total estimated costs of each scheme
  - actual expenditure to the end of the previous financial year
  - the original and revised estimate for the current year
  - the proposed expenditure to be incurred in future years for the completion of each scheme
  - the revenue budget implications for the next financial year and the ultimate total annual revenue costs
- 8.4 The Finance & General Purposes Committee shall determine the method of funding for each capital scheme, having consulted with the RFO and working within the context of capital resources available.
- 8.5 The RFO shall ensure that an effective monitoring system is in place during the year to control capital expenditure. The RFO will be responsible for notifying Council if it seems likely that there will be a significant variation in spending on a scheme. Variations may be permitted only if they can be accommodated within the total capital resources available.

## **9. Accounting and Audit**

- 9.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto and according to proper practice.
- 9.2 The RFO shall be responsible for completing the annual financial statements of the Council after the end of the financial year within any statutory timescale and shall submit them and report thereon to Council.
- 9.3 The RFO shall be responsible for completing the Accounts of the Council contained within the Annual Governance & Accountability Return (AGAR) (as supplied by the External Auditor) and for submitting the Annual Return for approval and authorisation by Council within the time-scale set by the Accounts and Audit Regulations 1996 as amended, or set by the Auditor.
- 9.4 The RFO 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 Regulation 5 of the Accounts and Audit Regulations 2003 and 2006 and any such amendments thereto.



Any officer or Councillor 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 purposes of 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.

- 9.5 The Council shall carry out a review of the effectiveness of internal audit and system of internal control on an annual basis in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto.
- 9.6 The Internal Auditor shall carry out the work required by the RFO, or by the Council, in accordance with proper practices with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return (as supplied by the External Auditor appointed from time to time by the Audit Commission)
- 9.7 The Internal Auditor shall be competent and independent of the operations of the Council and shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year. In order to demonstrate objectivity and independence, the Internal Auditor shall be free from any conflict of interest and shall have no involvement in the financial decision making, management or control of the Council
- 9.8 The RFO shall make arrangements for the opportunity for inspection of the account, books, and vouchers and for the display or publication of any Notices and Statement of Accounts required by the Audit Commission Act 1998 s15 and the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto.
- 9.9 The RFO shall ensure that arrangements are made for the annual external audit in accordance with the statutory requirements and that the auditor is supplied with all necessary information to carry out the audit
- 9.10 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.
- 9.11 Internal financial control shall be undertaken by a nominated Councillor on a regular basis with a minimum of one annual report in respect of each financial year to ensure the proper governance of financial affairs and stewardship of resources and thereby to achieve satisfactory completion of the Statement of Assurance section of the Annual Return (as supplied by the External Auditor appointed from time to time by the Audit Commission).

## **10. Taxation**

- 10.1 It is the responsibility of the RFO to ensure compliance with all tax regulations relating to the Council.
- 10.2 The RFO shall promptly complete any VAT return that is required. Repayment claims due in accordance with the VAT Act 1994 section 33 shall be made quarterly

## **11. Income and Debtors**

### **11.1 General**

- 11.1.1 The RFO shall ensure that adequate systems are in place for the collection and recording of all monies due to the Council
- 11.1.2 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO

### **11.2 Income**

- 11.2.1 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 Council.
- 11.2.2 Council shall review all fees and charges annually following a report of the RFO.
- 11.2.3 Bad debts shall be reported to the Finance & General Purposes Committee and, if shown to be irrecoverable after consideration of the cost of recovery, shall be written off in the financial year.
- 11.2.4 All sums received on behalf of the Council shall be deposited intact with the Council's bankers as directed by the RFO and with such frequency as the RFO considers necessary
- 11.2.5 Where any significant sums of cash 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 and that appropriate care is taken in the security and safety of individuals banking such cash.

### **11.3 Cash Income and Debtors**

- 11.3.1 All receipts, tickets and other acknowledgements for payments received shall be vetted by the RFO. A reference to the related debt, or otherwise, indicating the origin of each receipt shall be entered on the paying-in slip.
- 11.3.2 No deductions may be made from such money other than as may be approved by the RFO.
- 11.3.3 Money held on behalf of the Council shall not be used to cash cheques for Councillors or staff or third parties.

## **12. Purchasing**

- 12.1 The RFO is responsible for ensuring that any purchases made on behalf of the Council are acquired in the most cost-effective way (embracing the principles of best value).
- 12.2 The RFO must ensure that any purchasing contracts comply with financial regulations, statutory requirements and European directives.

## **13. Contracts**

## 13.1 General

- 13.1.1 Every contract whether made by Council or by a Committee to which the power of making contracts has been delegated shall comply with these financial regulations, and no exception from any of the following provisions shall be made otherwise than by direction of the Council or in an emergency by such a Committee as aforesaid provided that these financial regulations shall not apply to contracts which relate to items (i) to (vi) below, or where an exemption has been granted under 13.1.12 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 goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price
  - (vi) for a Partnership arrangement and the work, goods or services could not be provided economically without a Partnership funding contribution
  - (vii) for additional audit work of the Audit Commission appointed external auditor over and above the intermediate audit requirements up to an estimated value of £250 (in excess of this sum the Clerk to the Council and RFO shall act after consultation with the Chair and Vice-Chair of Council)
- 13.1.2 Where it is intended to enter into a contract for expenditure of £25,000 or less in value for the supply of goods or materials or for the execution of works or specialist services other than such goods or materials or for the execution of works or specialist services as are excepted as set out in section 13.1.1 the Clerk to the Council or RFO shall seek to obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,500 and above £250 regulation 15.6 will apply.
- 13.1.3 Where it is intended to enter into a contract for expenditure of £10,000 or less in value the Chair of the spending Committee or the appointed Vice-Chair together with the Clerk to the Council or duly authorised deputy shall have executive power.
- 13.1.4 Where it is intended to enter into a contract for expenditure exceeding £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods or materials or services as set out in 13.1.1 above the RFO shall invite tenders from at least three firms
- 13.1.5 Such invitation to tender shall state the general nature of the intended contract and the Clerk to the Council 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 to the Council and the last date by which tenders should reach the Clerk to the Council 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 of tenders for that contract.
- 13.1.6 All sealed tenders shall be opened at the same time on the prescribed date by the Clerk to the Council or the properly authorised deputy in the presence of at least one Councillor of the Council

and shall be reported to Council or where a tender has been sought by Committee to that Committee.

- 13.1.7 If less than three tenders are received for contracts valued above £25,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials for executing the work.
- 13.1.8 Every invitation to tender must state that the Council can cancel the contract and recover any resulting losses if the contractor, its employees or agents with or without the contractor's knowledge:
- (i) does anything improper to influence the Council to award the contract (in this respect attention is drawn to the National Code of Local Government Conduct which must be observed)
  - (ii) commits an offence under the Prevention of Corruption Act 1906 to 1916 or section 117(2) of the Local Government Act 1972 (as amended)
- 13.1.9 The Council shall not be obliged to accept the lowest of any tender, quote or estimate.
- 13.1.10 Where it is proposed not to accept the lowest tender, the Council or Committee as appropriate will set out a justification for the decision within the resolution to accept a higher tender.
- 13.1.11 Contracts in excess of £25,000 shall be subject to seeking advice from Telford & Wrekin Council or other professional body as necessary. Where practicable, Telford & Wrekin Council shall oversee such contracts and shall act as Contractor to the Council's client role
- 13.1.12 Where 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 Council.
- 13.1.13 Every exception made by a Committee to which the power of making contracts has been delegated shall be reported to the Council and the report shall specify the emergency by which the exception shall have been justified.

## **13.2 Variations in Cost**

- 13.2.1 Where there are variations in total cost such variations should be reported and approved as follows:-
- up to £1,500 - the RFO
  - over £1,500 - the Finance & General Purposes Committee.

### **13.3 Variations of Specifications and Costs within Total Cost of Contract**

- 13.3.1 Every extra cost or variation on a contract shall be authorised in writing by the RFO or other nominated responsible officer.
- 13.3.2 The final certificate of completion of any contract shall not be issued until the appropriate officer has produced for the RFO a detailed statement of account with such vouchers, documents and explanation as the RFO may require. The RFO shall approve the amount to be certified prior to the payment being made.
- 13.3.3 The RFO shall report back to the Finance & General Purposes Committee on the final total cost of the contract giving reasons for variation from the original budgeted sum.
- 13.3.4 It shall be the duty of the RFO, in consultation with the Contract Officer, in all cases to:-
- receive tenders and arrange for their opening in accordance with standing orders
  - keep in secure custody all contract documents, including plans, specifications, bills of quantities, bonds etc. under seal.
  - ensure that all insurances, which the contractor is required to effect, are duly entered into until the handing over of contract works
- 13.3.5 Any other contract documents shall be kept in secure custody by the Contract Officer responsible for managing the contract.

### **13.4 Payments under Contracts for Building or other Construction Works**

- 13.4.1 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.
- 13.4.2 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 by 5% or more a report shall be submitted to the appropriate Committee.
- 13.4.3 Any variation to a contract or addition to or omission from a contract must be approved by the Clerk to the Council in writing, the appropriate Committee being informed where the final cost is likely to exceed the financial provision.

## **14. Controlled Stationery**

- 14.1 All cheques and other controlled stationery, including order books, receipt books, invoices, may only be ordered by the RFO or an authorised representative who shall make proper arrangements for their safekeeping.

## 15. Purchase Orders

- 15.1 An official order or letter shall be issued where the Clerk to the Council or RFO shall determine it appropriate to do so in advance for all work, goods or services to be supplied to the Council. The RFO must be able to demonstrate that the work, goods or services are required in order to provide Council Services. Orders should not be raised for periodic payments such as public utility payments or payments of rent or rates, nor where a formal contract is to be prepared, nor where an official order would be inappropriate. Copies of orders shall be retained.
- 15.2 Where deemed necessary, officers shall issue official Purchase Orders. Officers are responsible for obtaining value for money at all times and shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction. The RFO is responsible for ensuring that costs are covered by approved estimates or by a special financial provision.
- 15.3 All official orders should be in writing and delivered/passed to the supplier if appropriate. ~~Telephone orders may be used but when this happens they must be confirmed, in writing to the supplier, at the earliest opportunity by a clearly marked confirmation order, –a written copy will be retained. Orders placed online should be printed out and retained.~~
- 15.4 Official orders shall indicate clearly the quantity, quality and nature of the goods, works and services and the contract or agreed price. An estimated price shall be provided when an agreed price is not available.
- 15.5 The RFO 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 RFO 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.
- 15.6 Orders placed for works, goods or services up to and including a value of £1,500 before VAT shall be at the discretion of the Clerk to the Council in consultation with the RFO.
- 15.7 Orders placed for works, goods or services over £1,500 and up to and including a value of £25,000 before VAT shall be subject to inviting three competitive quotes unless an exemption in accordance with Financial regulation 13.1.1 applies. The Clerk to the Council shall draw up the specification and seek three quotations for submission to the Finance & General Purposes Committee for its consideration.
- 15.8 Orders placed for works, goods or services over £25,000 shall be subject to obtaining three tenders, seeking advice and support from Telford & Wrekin Council or other body as necessary. The Clerk to the Council shall draw up the specification and seek three tenders for submission to the Finance and General Purposes Committee for its consideration.
- 15.9 Orders placed for works, goods or services over £25,000 shall be treated as at Section 13 above.

## 16. Banking Arrangements and Cheques

- 16.1 The Council's banking arrangements, including the Bank Mandate, shall be made by RFO and approved by the Finance and General Purposes Committee. The RFO shall be authorised to operate such bank accounts, as required.

- 16.2 The Council will operate such bank or other accounts as it considers necessary and appropriate for the efficient conduct of its business
- 16.3 No account may be opened or closed without the prior approval of the Finance and General Purposes Committee. All accounts will be clearly identified with Madeley Town Council as part of the account title
- 16.4 An on-line bank account shall be operated on an imprest basis. This account shall be used primarily for the payment of salaries and related payments. The limit of balance held in the on-line bank account shall be £25,000 or as amended by Finance and General Purposes Committee
- 16.5 Transfers between any accounts may be effected by the Clerk to the Council or RFO in accordance with the Bank Mandate
- 16.6 A schedule of payments required shall be prepared by the RFO and presented to Council or its Committees for authorisation by resolution and shall require two Councillor signatures to indicate confirmation of details for cheque payment or order for payment and agreement with the schedule of accounts for payment. Information to support payments due will be made available to Councillors at the time of signing cheques or confirmation of orders for payment.
- 16.7 Cheques drawn on the Council's current account shall bear the signature of two appointed Councillor signatories and shall as far as practicable, be signed at a duly convened meeting of the Council or its committees.
- 16.8 To indicate agreement of the details shown on the cheque and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 16.9 If thought appropriate by Council, payment for supplies may be made by variable Direct Debit provided that the instructions are signed by two Councillors and any payments are reported to Council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Council annually.
- 16.10 Bank Statements shall be received and reconciled on a regular basis with the Council's cashbook

## **17. Payment of Accounts**

- 17.1 All payments, apart from authorised use of imprest accounts, shall be effected by cheque, electronic banking or other order drawn on the Council's bankers. Where electronic banking is used, arrangements, approved by Council, must ensure that at least two Councillors authorise any transaction. Once approved, signed cheques should be issued or other forms of payment initiated promptly by the RFO.
- 17.2 The RFO shall be responsible for examination, verification and certification of all invoices. The certification shall include that:-
- the goods, services and work have been received or carried out, examined and approved as to quality and quantity and conform with a duly authorised order or Council resolution where appropriate.
  - the expenditure is necessary, legal and within the estimates provision.

- the prices are in accordance with any quotation, tender or contract and/or are reasonable.
- discounts or credits due have been deducted.
- VAT or other tax treatment is correctly stated.
- the account is arithmetically correct.
- the amount has not been previously paid or certified for payment, either in whole or part.
- appropriate entries have been made in asset registers, inventories and stock records.

17.3 Where an invoice is found to be incorrect e.g. because of an addition error, the VAT is incorrectly calculated or the invoice is not addressed to the Council, it should be returned to the supplier with an explanatory note. Hand-written amendments should not be made to an invoice as this may invalidate the recovery of VAT.

17.4 The RFO shall be responsible for allocation to the appropriate expenditure budget heading.

17.5 The RFO must ensure prompt payment in line with the Late Payment of Commercial Debts (Interest) Act 1998.

## **18. Payments to Employees**

18.1 The remuneration payable to all staff must be approved in advance by Council and should conform to the agreed rates of pay of the National Joint Council for Local Government Services.

18.2 The payment of all amounts to employees and compliance with the rules of PAYE and National Insurance (and Statutory Sick Pay, Statutory Maternity Pay, Statutory Paternity Pay, tax credits, Student Loan deductions, Local Government Pension Scheme, as necessary) current, shall be the responsibility of the RFO. Appropriate records shall be maintained and periodic returns made as required by statutory and other bodies

18.3 The RFO shall promptly notify Council of all matters affecting the payment to employees and in particular of:

- appointments, resignations, dismissals, suspensions, secondments and transfers.
- absences from duty, apart from normal annual leave;
- changes in remuneration, other than normal increments and pay awards and agreements of general application.
- information necessary to maintain records of service for superannuation, income tax, national insurance and the like.

18.4 Any pay records, shall be in a form agreed by the RFO and shall be certified by or on behalf of the RFO.

18.5 No payment shall be made to a person deemed to be an employee other than through the normal payroll procedure, except for reimbursement of expenses which shall be by cheque agreed by Council, or minor expenditure through petty cash.



18.6 Notwithstanding 18.5 above, employees may apply to the Personnel Committee for payment of salary in advance in special circumstances.

18.7 Payments to employees shall be treated as confidential information in accordance with Data Protection and Freedom of Information legislation

## **19. Travel and Subsistence**

19.1 The RFO is responsible for the verification of staff and Councillors travel claims. This includes:

- the accuracy of the mileage
- the subsistence claimed and receipts; and
- the validity of the journeys taken

19.2 Councillors' claims will be reimbursed by the RFO on receipt of the completed claim form certified by the Councillor concerned. The RFO will ensure that claims are arithmetically correct.

19.3 Claims should be completed in full, appropriately authorised and must be submitted within 3 months of undertaking the journey, to qualify for reimbursement.

19.4 No foreign travel outside the United Kingdom and Northern Ireland will be approved.

## **20. Imprests**

20.1 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses as may be approved. Vouchers for payments made shall be submitted to the RFO as a claim for reimbursement.

20.2 The accounts shall be kept on the imprest system and the RFO shall maintain a petty cash float of £250 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.

20.3 Payments to maintain the petty cash float shall be drawn on the current account and shown on the schedule of payments

20.4 No income received on behalf of the Council may be paid into an imprest account but must be separately banked as provided in Section 11 of these regulations.

20.5 The account should be continually kept in balance and records kept up to date.

## **21. Insurance and Risk Management**

21.1 Following the annual risk assessment, the RFO shall effect Local Council policy insurance and negotiate all claims on the Council's insurers.

- 21.2 The RFO shall keep a record of Local Council policy insurance and the property and risks, including employers' liability and fidelity guarantee, covered thereby. All cover shall be subject to annual review to ensure adequate reflection of disposals and acquisitions.
- 21.3 All appropriate employees of the Council shall be included in suitable fidelity guarantee insurance which shall cover the minimum risk exposure as determined by Council.
- 21.4 It is the responsibility of the Events and Property Officer to ensure that all third parties using the Councils premises are appropriately insured.
- 21.5 Councillors or staff, as appropriate, must notify the RFO immediately they are aware of any loss liability or damage or any event likely to lead to a claim of any kind against the Council.
- 21.6 Councillors or staff, as appropriate, will co-operate at all times with the investigations of the RFO into any claims and will supply all information upon request. It is imperative that Councillors & staff comply with the time scales for investigating claims. Failure could directly affect the authority's ability to defend a claim or could result in financial penalties being imposed on the Council.
- 21.7 The Council is responsible for putting in place arrangements for the management of risk. The Clerk to the Council shall prepare, for approval by Council, a Risk Management Policy Statement in respect of all activities of the Council. The Risk Management Policy Statement and consequential risk management arrangements shall be reviewed by Council at least annually.
- 21.8 The Clerk to the Council shall prepare a draft risk assessment, including risk management proposals for consideration and adoption by Council, when considering any new activity. All staff are responsible for ensuring that all new activities or assets that may introduce a risk to the Council are notified to the RFO.
- 21.9 Each year the RFO must check in consultation with the Local Council policy insurer that the risk management strategies in place are sufficient for their risk exposures and notify any changes required to Council.
- 21.10 The Council is responsible for carrying out a Financial Risk Assessment on an annual basis in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto. The minutes shall record such review of the financial risks.

## **22. Security and Control of Assets**

The RFO shall ensure that an appropriate and accurate Register of Assets is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually for final accounts purposes.

### **22.1 Inventories**

- 22.1.1 Inventories shall be maintained of all Council assets, including IT, and as such all items will be clearly identified. Staff should not arrange relocation or disposal without appropriate notification to the Clerk to the Council.

- 22.1.2 All leased equipment should be clearly identified and labelled.
- 22.1.3 The Council's assets shall not be removed from council premises except in accordance with the ordinary course of the Council's business or particulars are recorded in the loan register maintained by the Property and Events Officer
- 22.1.4 Any disposal of redundant stocks and equipment should be by competitive quotation or auction unless Finance and General Purposes Committee, in consultation with the RFO, decides otherwise

### **23. Stores and Equipment**

- 23.1 Nominated officers shall be responsible for the care and custody of stores and equipment
- 23.2 Delivery notes shall be obtained in respect of all goods received into store and goods must be checked as to order and quality at the time of delivery.
- 23.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 23.4 The RFO shall be responsible for an annual check of all stocks and stores.

### **24. Loans and Investments**

- 24.1 The Council shall consider the need for an Investment Strategy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any such strategy shall be subject to regular review
- 24.2 Investment of balances by local councils is governed by the Trustee Act 2000
- 24.3 All loans and investments shall be negotiated by the RFO in the name of the Council and shall be for a set period of time in accord with Council policy. Changes to loans and investments should be reported to the Finance & General Purposes Committee.
- 24.4 All investments of money under the control of Council shall be in the name of the Council.
- 24.5 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.
- 24.6 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 24.7 The Council shall maintain such a level of General Reserves as it considers prudent for the conduct of its business
- 24.8 The Council shall retain such Earmarked Reserves as it requires to defray the cost of specific items of expenditure

**25. Property and Estates**

- 25.1 The Clerk to the Council shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure that a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of interest, tenancies granted, rents payable and purpose for which held in accordance with regulation 5(3)(b) of the Accounts and Audit Regulations 2011
- 25.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, save where the estimated value of any one item does not exceed £500

**26. Revision of Financial Regulations**

- 26.1 It shall be the duty of Council to review these Financial Regulations annually and to make such amendments to them as are appropriate
- 26.2 The RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise Council of any requirement for a consequential amendment to these Financial Regulations.