

## **Newhaven Town Council**

### **Financial Regulations**

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## **1.0 GENERAL**

- 1.1 These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.
- 1.2 The Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs. (The Clerk has been appointed as RFO for this council and these regulations will apply accordingly)
- 1.3 The RFO shall be responsible for the production of financial management information.

## **2.0 ANNUAL ESTIMATES**

- 2.1 Each Committee (if any) shall formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year, not later than the end of November each year.
- 2.2 All members of the Council will be invited to put forward suggested items for the budget to the Clerk by the end of November and the Management Group will work with the Clerk to formulate budget options (and their implications for the Precept) for Council to consider in advance of the budget being finally prepared.
- 2.3 In every year, during budget preparation but in any event not later than the meeting at which the estimates for next year are settled, the Council, or a committee with delegated powers, shall review the pay and conditions of service of existing employees.
- 2.4 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.
- 2.5 The Council shall review the estimates not later than the end of January following the November (see 2.1) 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 (budgets).
- 2.6 The annual budgets shall form the basis of financial control for the ensuing year.

## **3.0 BUDGETARY CONTROL (Revenue)**

- 3.1 The Clerk may authorise spending within budget, under any budget heading, up to £1000 on each occasion.
- 3.2 The Clerk has authority to move up to £1000 between budget headings and report this action in the next budget update.
- 3.3 For expenditure over £1000 and up to £5000 that is within budget, the Clerk shall seek clearance from the Leader of the Council.

- 3.4 For expenditure over £5000, even if it is within budget, authority shall be sought in advance from Council.
- 3.5 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each heading of the budgets, comparing actual expenditure against that planned.
- 3.6 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 £2,500. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.7 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless approved by the Council.
- 3.8 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.
- 3.9 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

#### **4.0 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 as amended.
- 4.2 The RFO shall be responsible for completing the annual financial statements of the Council as soon as practicable, after the year-end of the financial year and shall submit them and report thereon to the Council.
- 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 timescale set by the Accounts and Audit Regulations 1996 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 as amended. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents for the purpose 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 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 the 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 the Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1996 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.

## **5.0 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.
- 5.2 A schedule of payments made, forming part of the Agenda for the Meeting, shall be prepared by the RFO, and be presented to the Council.
- 5.3 Power to sign cheques/BACS confirmation will be delegated to six Councillors who will be named at the Annual Meeting of the Council. The list of names may be amended at any time by resolution of the Council.
- 5.4 Cheques/BACS payments 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 the Clerk or Assistant Clerk.
- 5.5 To indicate agreement of the details shown on the cheque or order for payment with the invoice, or similar documentation, the signatories shall each also initial a payment voucher to confirm that they have seen a copy of the invoice, delivery notes and any other supporting documents

## **6.0 PAYMENT OF ACCOUNTS**

- 6.1 All payments (other than petty cash [6.4]) shall be effected by cheque or other order drawn on the Council's bankers including BACS payments [6.5].
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk 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 present all invoices submitted and paid at the next available Council Meeting.
- 6.4 The RFO may provide petty cash to officers for the purposes of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement:

- a) 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.
- b) Income received must not be paid into the petty cash float, but must be separately banked as provided elsewhere in these regulations.
- b) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to the Council under 5.2 above.

6.5 Subject to 6.1 wherever possible payments to staff and service providers will be made by the Banking Automated Credit System (BACS).

## **7.0 PAYMENT OF SALARIES**

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. Salaries shall be agreed by the Personnel Committee.

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.

## **8.0 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 in accordance with Council policy.

8.2 The Council's Investment Policy, shall be in accordance with the Trustee Act 2000, and shall be reviewed on a regular basis (at least annually).

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.

## **9.0 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 and notified to the RFO. The RFO shall be responsible for the collection of all accounts due to the Council.

- 9.3 The Council will review all fees and charges annually, following a report by the Clerk or Assistant 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 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.
- 9.10 Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere within these regulations.

## **10.0 ORDERS**

- 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.
- 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.
- 10.4 For expenditure exceeding £5,000, three quotes to a common specification where possible shall be obtained from businesses judged by the Council to be competent to supply the goods, materials or works.
- 10.5 Businesses, which appear in the County or District Council lists of approved suppliers for particular categories of goods, materials or works shall automatically be considered competent to supply the same categories of goods, materials or works to Newhaven Town Council.

## **11.0 CONTRACTS**

- 11.1 Procedures as to contract 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 (ix) below:
- i. for the supply of gas, electricity, sewerage and telephone services;
  - ii. for specialist services such as are provided by solicitors, accountants, surveyors, architects, planning consultants, artists/designers and information technology;
  - iii. for work to be executed or goods or materials to be supplied which consist of repairs to or 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 Leader of the Council);
  - vi. for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
  - vii. For professional services in which the personal skill and experience of the person is of primary importance.
  - viii. Where the Council has considered a report and resolved that it is in its best interests, a tender/quotation may be invited for the execution of work, provision of goods or services, from a contractor or supplier selected by it or negotiated with a contractor already engaged by the Council.
  - ix. Where the Council resolve to approach Lewes District Council, East Sussex County Council or another public sector body to obtain goods, materials or services through their contracts with suppliers or contractors in order to take advantage of their expertise and of the competitive terms that the body has been able to negotiate due to economies of scale.
- b) Where it is intended to enter into a contract exceeding £30,000 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 to be taken from the appropriate approved list.
- c) 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 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 a 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.
- e) 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.

- f) If less than three tenders are received for contracts over £30,000, 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.
- g) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

## **12.0 PAYMENTS UNDER CONTRACT 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 withholdings 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 variations to, addition to or omission from a contract, must be approved by the Council and the Clerk in writing to the Contractor, the Council being informed where the final cost is likely to exceed the financial provision.

## **13.0 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 quantity at the time delivery is made.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

## **14.0 PROPERTIES**

- 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 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 £100.

## **15.0 INSURANCE**

- 15.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The Clerk shall give prompt notification to the RFO 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 effected 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 the 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.

## **16.0 CHARITIES**

- 16.1 Where the Council is sole trustee of a charitable body, the Clerk and 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 the Charity Law and legislation, or as determined by the Charity Commission. The Clerk and RFO shall arrange for any Audit, or Independent Examination, as may be required by Charity Law, or any Governing Document.

## **17.0 RISK MANAGEMENT**

- 17.1 The Clerk, with the RFO, shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 17.2 When considering any new activity, the Clerk and RFO shall prepare a draft Risk Management Policy for the activity, and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

## **18.0 DELEGATION**

In all of these matters, the Assistant Town Clerk shall act in the absence of the Clerk and the Mayor shall act in the absence of the Leader of the Council.

## **19.0 REVISION OF FINANCIAL REGULATIONS**

- 19.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time and make such amendments to them as are appropriate.

## **20.0 Reserves Policy**

- 20.1** The Council shall maintain specific and general reserves as it may from time to time determine. These reserves shall be released to the Clerk or a committee or sub-committee of the Council by resolution of the Council. The resolution will set out the purpose of the intended expenditure and the limits of the delegation to authorise expenditure from the released money.
- 20.2** The Management Committee shall oversee the monitoring of reserves and a report on the reserves amounts shall be presented to Council at least twice a year, as part of the budget setting process and when the previous year's outturn is known.
- 20.3** Specific reserves are set aside for projects that Council wishes to pursue, and for asset management. There will be a general reserve to allow for adequate cash flow and protect the Council against unforeseen circumstances.
- 20.4** Where partnership co-operation would allow a project to proceed more speedily or for it to be enhanced, then partnership funding will be sought. Wherever possible the Council will seek external funding to allow reserves expenditure to be maximised or for project enhancement.