



## **CHEPSTOW TOWN COUNCIL**

### **FINANCIAL REGULATIONS**

Reviewed by Financial Policy and Audit Committee on  
13<sup>th</sup> February 2019 and adopted by Full Council on 27<sup>th</sup> February 2019

#### **1. General**

- 1.1 These financial regulations shall 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.
- 1.3 The RFO shall be responsible for the production of the financial management information.

#### **2. Annual Estimates**

- 2.1 Each committee shall formulate and submit proposals to the Financial Policy and Audit Committee in respect of revenue services and capital projects for inclusion in the rolling capital programme not later than the 15<sup>th</sup> October each year.
- 2.2 Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the RFO.
- 2.3 The Financial Policy and Audit Committee shall review the estimates and submit them to the Council not later than the end of December in each year and shall recommend the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.

#### **3. Budgetary Control**

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in each approved committee budget.

- 3.2 The RFO shall regularly provide the Financial Policy and Audit Committee with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.
- 3.3 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 £7,500. The Clerk shall report the action to the appropriate committee as soon as practicable thereafter.
- 3.4 The Clerk may incur expenditure up to a maximum of £750.00 per item within the operating budget of the Council, in consultation with the Chairman or Vice Chairman of the Financial Policy and Audit Committee.
- 3.5 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the Council is satisfied that the necessary capital funds are available, or the requisite borrowing approval has been obtained.
- 3.6 All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

#### **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 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 Financial Policy and Audit Committee for recommendation to 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 timescales 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 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 1996 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 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. Banking Arrangements and Cheques**

- 5.1. The Council's banking arrangements shall be made by the RFO and approved by the Financial Policy and Audit Committee. They shall be reviewed regularly for efficiency.
- 5.2. A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO and presented to Council. If the schedule is in order it shall be initialed by the authorising Chairman of the meeting. If more appropriate the detail may be shown in the Minutes of the meeting.
- 5.3. Cheques drawn on the bank accounts in accordance with the schedule referred to in the previous paragraph shall be signed by two authorised Members.
- 5.4. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

## **6. Payment of Accounts**

- 6.1. Apart from petty cash payments all payments shall be effected by cheque or other order drawn on the Council's bankers.
- 6.2. All invoices for payment shall be examined, verified and certified by the Clerk. Before certifying an invoice the Clerk shall satisfy him/her that the work, goods or services to which the invoice relates 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 Clerk and RFO certify 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 for the purpose 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 to a limit 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.
  - (b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
  - (c) Payments to maintain the petty cash float shall be shown separately on the schedule of the payment of money presented to the Council (under 5.2 above).

## **7. Payment of Salaries and Wages**

- 7.1. The payment of salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be 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.

## **8. Loans and Investments**

- 8.1. 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 accordance with Council policy. Changes to loans and investments should be reported to the Financial Policy and Audit Committee at the earliest opportunity.
- 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. 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 notified to the RFO and the RFO shall be ultimately 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 of the Clerk.
- 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the Financial Policy and Audit Committee and shall be written off in the year.
- 9.5. All sums received on behalf of the Council shall either be paid to the RFO for banking or be banked by the officer collecting the money 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 the VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 9.9. Where significant sums of cash (more than £50) 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 eg petty cash purchases. Copies of orders issued shall be maintained.

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, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimus provisions in Regulation 11(1) 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 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.

## **11. Contracts**

11.1. Procedures as to the contracts are laid down as follows:

- (a) Every contract shall comply with these Financial Regulations, and no exception 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 goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price.
  - (vi) For additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of Council)
- (b) Where it is intended to enter into a contract exceeding £25,000 in value, per annum, 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, such firms to be taken from the appropriate approved list

- (c) When applications are made to waive financial regulations relating to contracts to enable a tender 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 the post. Each tendering firm shall be supplied with a specially 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 the Financial Policy and Audit Committee.
- (f) If less than three tenders are received for contracts valued above £25,000 per annum 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) Any invitation to tender issued under this regulation shall contain a statement of the effect of standing order Nos 58, and 60.
- (h) When it is intended to enter into a contract less than £25,000 in value, per annum, 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 £5,000 and above £1,000 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
- (i) The Council shall not be obliged to accept the lowest or any tender 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 when it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 10% 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 must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time delivery is made.

13.3. Stocks shall generally be maintained at the minimum levels consistent with operational requirements.

13.4. The RFO shall be responsible for annual check of all stocks and stores at least annually.

### **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 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 does not exceed £500 and is agreed with Chairman or Vice Chairman of the Financial Policy and Audit Committee.

### **15. 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 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. Risk Management**

- 16.1 The Clerk and RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 16.2. 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.

## **17. Revision of Financial Regulations**

- 17.1 It shall be the duty of the Financial Policy and Audit Committee to review the Financial Regulations of the Council from time to time and to make such recommendations to the Council as the Committee considers are required.