

3

NEWARK TOWN COUNCIL POLICY & PROCEDURE DOCUMENT FINANCIAL REGULATIONS

CONTENTS

- 1. INTRODUCTION**
- 2. ACCOUNTING SYSTEMS**
- 3. ANNUAL ESTIMATES**
- 4. ASSETS**
- 5. AUDIT**
- 6. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS**
- 7. BUDGETARY CONTROL**
- 8. FINAL ACCOUNTS**
- 9. INCOME**
- 10. INSURANCE**
- 11. LAND & BUILDINGS**
- 12. LEGAL CLAIMS**
- 13. LOANS AND INVESTMENTS**
- 14. ORDERS FOR WORK, GOODS & SERVICES**
- 15. PAYMENT FOR WORKS, GOODS & SERVICES**
- 16. REPORTING OF IRREGULARITIES**
- 17. SALARIES AND WAGES**
- 18. TRAVELLING & SUBSISTENCE ALLOWANCES**

1. INTRODUCTION

- 1.1. The Responsible Finance Officer, under the policy direction of the Finance and General Purposes Committee, is responsible for the proper administration of the Council's financial affairs and for determining the systems, procedures and records necessary to achieve this.
- 1.2. These Financial Regulations provide the framework of financial control and standards necessary to achieve the proper administration of the Council's financial affairs and are designed to safeguard the interests of both the Council and its employees. They are supported by a Code of Procedures which must be read in conjunction with these Regulations.
- 1.3. The Responsible Finance Officer, after consultation with the Chairman of the Finance and General Purposes Committee, may vary, waive or suspend any Regulation.
- 1.4. Where reference is made in these Regulations to Managers, they may nominate specific officers to act on their behalf.
- 1.5. Managers are responsible for ensuring that employees in their departments are aware of and comply with the Finance Standing Orders, Financial Regulations and supporting Code of Procedures, and failure to comply may result in disciplinary action.
- 1.6. Managers shall consult with the Responsible Finance Officer with respect to any matter within their purview which is liable to affect the finances of the Council before any provision or other commitment is incurred or before reporting thereon to a Committee.

2. ACCOUNTING SYSTEMS

- 2.1. All accounting systems, procedures and supporting records shall be in a form approved by the Responsible Finance Officer, as required by the Accounts and Audit Regulations 2003.
- 2.2. The Responsible Finance Officer shall approve any new systems or procedures for the maintenance of financial records or records of assets and liabilities and any changes to such systems.
- 2.3. Financial records and records of assets and liabilities shall be retained for such period as the Responsible Finance Officer may prescribe.
- 2.4. In order that these Regulations can be complied with, Managers shall provide the Responsible Finance Officer with any necessary information and in addition shall allow the Responsible Finance Officer access to all relevant documents and records under their control.
- 2.5. For detailed procedures see the Code of Financial Procedures.

3. ANNUAL ESTIMATES

- 3.1. The Finance and General Purposes Committee at its November meeting shall consider general inflationary factors for inclusion in the preparation of the following year's Budget, together with the level of increase, if any, in respect of fees and charges.
- 3.2. Detailed estimates of income and expenditure on revenue services, and receipts and payments on the Repairs and Renewals Fund, in line with agreed budgetary guidelines, shall be prepared by the Responsible Finance Officer.
- 3.3. The Finance and General Purposes Committee shall review the estimates and submit them to the Town Council at the January/February cycle of meetings and shall recommend the

Precept to be levied for the ensuing financial year. The Responsible Finance Officer shall supply each member with a copy of the approved estimates.

- 3.4. The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

4. ASSETS

- 4.1 Managers are responsible for the security of all Council assets under their control.
- 4.2. Assets include land, property, money, stocks, stores, furniture, equipment and electronic data.
- 4.3. Records relating to these assets and the method and frequency of stores and inventory checks shall be determined by the Responsible Finance Officer.
- 4.4. Where assets are disposed of (including written-off) such disposal shall be in accordance with the procedures prescribed by the Responsible Finance Officer.
- 4.5. As a general principle, disposals shall, wherever possible, be subject to competition.
- 4.6. For detailed procedures see Code of Financial Procedures, Section 2. Assets.

5. AUDIT

- 5.1 The Responsible Finance Officer shall be responsible for maintaining an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with the Accounts and Audit Regulations 2003. Any officer or member of the Council shall, if the Responsible Finance Officer requires, make available such documents of the Council which relate to their accounting and other records as appear to the Responsible Finance Officer to be necessary for the purpose of the audit and shall supply the Responsible Finance Officer with such information and explanation as the Responsible Finance Officer considers necessary for that purpose.

6. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 6.1. The Council's banking arrangements shall be made by the Responsible Finance Officer and approved by the Finance and General Purposes Committee.
- 6.2. All bank accounts shall have an official title and in no circumstances shall a bank account be opened or operated in the name of an individual.
- 6.3. A schedule of the payment of money shall be prepared by the Responsible Finance Officer and, together with the relevant invoices and related papers, presented to the Finance and General Purposes Committee. If the schedule is in order it shall be authorised by a resolution of that Committee.
- 6.4. Cheques and requests for auto payments to be processed against the Council's bank account, in accord with the schedule referred to in the previous paragraph, shall be signed by two Members, normally being the Chair or Vice-Chair of the Town Council's Committees, together with one of the following officers, the Town Clerk (being the Responsible Finance Officer) and the Deputy Town Clerk.

7. BUDGETARY CONTROL

- 7.1. Expenditure on the revenue account may be incurred up to the amounts included in each approved committee budget.
- 7.2. 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 Town Council.
- 7.3. The Responsible Finance Officer shall periodically provide the Finance and General Purposes Committee with a statement of income and expenditure to date under each head of the approved annual revenue and capital budgets.
- 7.4. The Responsible Finance Officer may incur expenditure on behalf of the Town 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 £5,000. The Responsible Finance Officer shall report the action to the appropriate committee as soon as practicable thereafter.
- 7.5. Where expenditure is incurred in accordance with regulation 7.4. 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 a supplementary estimate approved by the Finance and General Purposes Committee or the Town Council.
- 7.6. Unspent provisions in the revenue budget shall not be carried forward to a subsequent year except by resolution of the Finance and General Purposes Committee or Town Council.
- 7.7. No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure against a capital account unless the committee concerned are satisfied that it is contained in the rolling capital programme and that the necessary capital funds are available, or the requisite borrowing approval can be obtained.
- 7.8. For detailed procedures see the Code of Financial Procedures.

8. FINAL ACCOUNTS

- 8.1 The Responsible Finance Officer shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and in accord with the timescale laid down in the Accounts and Audit Regulations 2003.

9. INCOME

- 9.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Responsible Finance Officer.
- 9.2. The Responsible Finance Officer shall prescribe the form of all receipts, invoices, debtor accounts and similar documentation and must be satisfied as to the arrangement for their control.
- 9.3. Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the Responsible Finance Officer and the Responsible Finance Officer shall be ultimately responsible for the collection of all accounts due to the Council.
- 9.4. The Council will review all fees and charges annually, following a report of the Responsible Finance Officer.

- 9.5 Any bad debts, individually amounting to more than £100 net, shall be reported to the Finance and General Purposes Committee.
- 9.6 All income shall be accounted for, recorded immediately it is received and an official receipt prepared where appropriate.
- 9.7. All income shall be properly secured and safeguarded and paid into the Council's bank account promptly and intact.
- 9.8. A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 9.9. Every transfer of official money from one member of staff to another shall be properly acknowledged and recorded.
- 9.10. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.11 For detailed procedures see the Code of Financial Procedures.

10. INSURANCE

- 10.1. The Responsible Finance Officer shall be responsible for effecting necessary insurance cover, and shall regularly review such cover in consultation with Managers.
- 10.2. Managers shall be responsible for notifying the Responsible Finance Officer of any changes in insurance risks and shall submit insurance claims in accordance with the arrangements made by the Responsible Finance Officer.
- 10.3 The Responsible Finance Officer shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 10.4. The Responsible Finance Officer shall be notified of any loss liability or damage or of any event likely to lead to a claim.
- 10.5. All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.
- 10.6. For detailed procedures see Code of Financial Procedures.

11. LAND AND BUILDINGS

- 11.1. The Responsible Finance Officer shall maintain a record of all land and buildings owned by the Council.
- 11.2. The Responsible Finance Officer shall be notified of all contracts, leases, tenancy agreements, and any other agreements involving the receipt of money by the Council.
- 11.3. The Town Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Responsible Finance Officer 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 the Accounts and Audit Regulations 2003.
- 11.4. No property shall be sold, leased or otherwise disposed of without the authority of the Council.

12. LEGAL CLAIMS

- 12.1 Managers must inform the Town Clerk of all matters where the Council might have a legal claim against an outside body and of all occasions where there is a likelihood that the Council will be sued by an outside body.
- 12.2. The Responsible Finance Officer must be informed where the Council's finances might be affected and shall be involved in any resultant negotiations.

13. LOANS AND INVESTMENTS

- 13.1. The Responsible Finance Officer shall be responsible for arranging the investment of Council funds in accordance with the approved Investment Strategy. All investments of money under the control of the Town Council shall be in the name of the Council.
- 13.2. The Responsible Finance Officer shall be responsible for arranging the borrowing and lending of money on the best available terms taking into account present and anticipated economic conditions and projected flow of funds. All borrowings shall be effected in the name of the Council.
- 13.3. All investment certificates and other documents relating thereto shall be retained in the custody of the Responsible Finance Officer.

14. ORDERS FOR WORK, GOODS AND SERVICES

- 14.1. The procurement of works, goods and services, including the employment of consultants and specialist advisers shall be in accordance with the Council's Code of Financial Procedures and Purchasing Guide. The determining principle of the Code and Purchasing Guide is that where orders are to be placed, competitive quotes are sought, and that:
 - i. the Council secures the best value for money;
 - ii. the Council is seen to act fairly in giving all interested parties an opportunity to tender on equal terms;
 - iii. Government legislation and EC Directives are complied with;
 - iv. the interests of the Council and its employees are properly safeguarded.
- 14.2. Goods and services shall be procured using a Purchase Order Number issued by the Finance Section. Official orders and order variations shall be signed only by the Responsible Finance Officer or nominated officers, as set out in the Purchasing Guide.
- 14.3. 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, e.g. petty cash purposes. Copies of orders issued shall be maintained.
- 14.4. Order books shall be controlled by the Responsible Finance Officer.
- 14.5. All 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.

15. PAYMENT FOR WORKS, GOODS AND SERVICES

- 15.1. Before authorising an official order, or any process which may lead to a payment, employees shall
- i. ensure they are authorised to order or process the payment;
 - ii. satisfy themselves that the works/goods/services are a proper charge on the funds under their control;
 - iii. ensure there is adequate budget provision;
 - iv. satisfy themselves that the works/goods/services have been received, conform in all respects with an official order and are acceptable in every way;
 - v. ensure prices, arithmetic and discounts are correct.
- 15.2. Where assets are purchased see Section 4.
- 15.3. For detailed procedures see the Code of Financial Procedures.

16. REPORTING OF IRREGULARITIES

- 16.1. Managers shall be responsible for reporting to the Responsible Finance Officer any irregularity, or suspected irregularity, of which they have knowledge concerning cash, stores, or accounts that arise within their sections, other than cases arising from internal audit check.
- 16.2. The Responsible Finance Officer, in respect of 16.1. above, shall be entitled to require such explanations as he considers necessary concerning any matter under investigation, and shall report the results of those investigations to the Finance and General Purposes Committee according to the action he considers is warranted.

17. SALARIES AND WAGES

- 17.1. The payment of salaries, wages or other emoluments shall be made by the Responsible Finance Officer through the payroll system.
- 17.2. Managers shall notify the Responsible Finance Officer (in the form prescribed) of all appointments, termination's of employment, absences and any other changes which may affect the pay of employees.
- 17.3. For detailed procedures see the Code of Financial Procedures.

18. TRAVELLING AND SUBSISTENCE ALLOWANCES

- 18.1. All claims for payment of subsistence allowances, travelling and incidental expenses, shall be in accordance with the Code of Financial Procedures
- 18.2. Employees have a responsibility to ensure that the cost to the Council of the allowances claimed is kept to a minimum without reducing unduly the efficiency with which they carry out their duties.
- 18.3. For detailed procedures see the Code of Financial Procedures.

Town Clerk
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