



WINSFORD TOWN COUNCIL

FINANCIAL REGULATIONS

These Financial Regulations will be placed before the Town Council for formal adoption at its meeting on 18th February 2019.

The Town Clerk is also the Responsible Finance Officer (RFO) for the Town Council.

1. General

- a. These Financial Regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council.
- b. Financial Regulations are one of the Town Council's three governing policy documents providing procedural guidance for elected Members and officers. Financial regulations must be observed in conjunction with the Council's Standing Orders.
- c. The Council is responsible for ensuring – by law - that its financial management is adequate and effective and that it has in place a sound system of internal controls which facilitate the effective exercise of the Council's functions, including arrangements for the management of risk. The Council should therefore review its system of internal control on a regular basis.
- d. The accounting control systems of the Council must include timely production of accounts; safeguarding of public money; prevention of inaccuracy and fraud; and identifying the duties of officers.
- e. Wilful or deliberate breach of these Regulations may give rise to disciplinary proceedings and Members are expected to follow the instructions.
- f. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council.
- g. The RFO, under the policy direction of the Council, shall be responsible for the proper administration of the Council's financial arrangements.

- h. The RFO shall be responsible for the production of financial management information.

2. Annual Estimates (Budget) and Forward Planning

- a. Proposals in respect of revenue and capital costs for the following financial year must be submitted to the Council no later than the end of November each year.
- b. Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the RFO.
- c. The Council shall review the estimates not later than the end of January each year and shall fix the precept to be levied for the ensuing financial year at its February meeting. The RFO shall supply each Member with a copy of the approved estimates.
- d. The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

3. Budgetary Control and Authority to Spend

- a. Expenditure on the revenue account may be incurred up to the amounts included in the approved Committee budget.
- b. No expenditure may be incurred that will exceed the amount provided in the revenue budget without prior consent of the Council.
- c. The Responsible Financial Officer shall regularly provide the Council with statements of Receipts/Payments to date under each budget heading, comparing actual against planned expenditure.
- d. As soon as possible after the end of the financial year end on 31st March, the Responsible Financial Officer shall provide: -
 - i. Each councillor with a statement summarising the Council's receipts and payments for the last quarter and the year to date for information; and
 - ii. To the full Council the accounting statements for the year in the form of Section 1 of the Annual Return - as required by proper practices - for consideration and approval.
- e. The year-end accounting statements shall be prepared in accordance with proper practices and apply the form of accounts determined by the Council (receipts and payments, or income and expenditure) for a year to 31st March. A completed draft annual return shall be presented to each councillor before the end of the following May. The annual return of the council, which is subject to external audit, including the annual governance statement, shall be

presented to council for consideration and formal approval before 30th June each year.

- f. The RFO has authority to place orders for work, goods and services up to £1,000, but approval for any such orders must be formally endorsed at the next available Finance Committee meeting.
- g. For expenditure above £1,000 but below £5,000, authority is given to the RFO to act with approval from the Town Mayor and the Chairman of the Finance Committee. Three tenders should be obtained, if possible, for new work and endorsement of any action shall be sought at the next Finance Committee meeting.
- h. Unspent provisions in revenue budgets shall not be carried forward to a subsequent year.
- i. No expenditure shall be incurred in relation to any capital project and not entered into or tender accepted involving expenditure on capital accounts unless the Finance Committee is 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.
- j. All capital works shall be administrated in accordance with the Council's Standing Orders and Financial Regulations relating to Contracts.

4. Accounting and Audit

- a. All accounting and financial records of the Council shall be determined by the RFO as required by the Local Audit and Accountability Act 2014 and the Accounts and Audit (England) Regulations 2015.
- b. The RFO shall be responsible for completing the accounts of the Council contained in the Annual Return (as supplied by the Council's external auditor) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations, or set by the external auditor.
- c. The following principles shall be observed in connection with accounting duties:
 - i. The duty of providing information, calculating, checking and recording sums due to, or from, the Council shall be separated as completely as possible from the duty of collecting or dispersing them; and
 - ii. Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.
- d. The RFO 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 Local Audit and Accountability Act 2014

and the Accounts and Audit (England) Regulations 2015. Any officer or member of the Council, if the RFO or Internal Auditor requires, should make available such documents of the Council that relate to their accounting and other records as appear to the RFO or Internal Auditor to be necessary for the purpose of the audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO considers necessary for that purpose.

- e. The Internal Auditor shall carry out work required by the RFO, or by the Council, with a view to a satisfactory completion of the Internal Auditor's Report section of the Annual Return. 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.
- f. The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers as required by statute.
- g. 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 Payment of Accounts

- a. The Council's banking arrangements shall be made by the RFO and approved by the Council. These should be reviewed regularly for efficiency.
- b. A schedule of payments shall be prepared by the RFO forming part of the Finance Committee agenda and, together with relevant invoices etc. presented to the Finance Committee by the RFO. If the schedule is in order it shall be authorised by a resolution of the Finance Committee (which is a Committee of the full Council) and signed by the Chairman at the meeting.
- c. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods and services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the Council.
- d. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take steps to pay all invoices submitted by the time of the next available Finance Committee meeting.
- e. Following authorisation by the Finance Committee, a payment shall be made.
- f. All payments shall be effected in accordance with a resolution of the Finance Committee and will be made, where possible, on the basis of the schedule of payments presented.
- g. Any cheques drawn on the Council's current account shall bear the signature of two Town Councillors authorised to do so as well as the RFO. In the

absence of the Clerk, cheques can be signed by three Members of the Council authorised to do so.

- h. Payment for items can be made by internet banking transfer providing evidence is retained showing which Members approved the payment(s).
- i. Where a computer requires a personal identification number (PIN) or other password(s), a note of the passwords and PIN will be made and retained by the RFO.
- j. No employee shall disclose any PIN or password relevant to the working of the Council or its bank accounts to any person not authorised in writing by the Council/Finance Committee.
- k. Regular back-up copies of records on any computer shall be made and shall be stored securely away from that computer.
- l. The Council shall ensure that anti-virus, anti-spyware and firewall software with automatic updates are used.
- m. Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate approved by the Council shall identify a number of Members who will be authorised to approve transactions on these accounts. All payments will be authorised by the Council, unless specific authorisation is sought from the RFO as per these Regulations and Standing Orders.
- n. Access to internet banking accounts shall be direct and not done via search engines or email link. There shall be no remembered or saved passwords on the computer used for council banking work.
- o. Changes to account details of suppliers used for internet banking shall be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the RFO and a Member.
- p. Payments to be made via internet banking will be entered onto the online banking system by the RFO – based on information provided by suppliers as outlined above and will be paid accordingly.
- q. Any debit card issued for use by the Council will be restricted to the RFO and will be restricted to a single transaction maximum value of £500 unless otherwise authorised by the Finance Committee in writing before any order is placed.
- r. Use of any credit or trade card will only be restricted to the RFO and will be paid in full at the end of the month in question.

6. Payment of Accounts

- a. Payments can be made via cheque; debit/credit/trade card; or via internet banking transfer drawn on the Council's bankers (although see section 5 for details on how such payments should be made)
- b. In so doing, all invoices for payment have been examined, checked and date stamped by the Administrative Officer. The invoices are also examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved. This system will continue as before.
- c. Duly certified invoices are then passed to the RFO for authorisation. The RFO takes all possible steps to settle all invoices submitted, and which are in order, to the next available Finance Committee (held every month). This system will largely continue unchanged, although payments will be approved as outlined in Section 5 of these Regulations rather than at the formal Finance Committee meeting as a matter of course.
- d. All duly certified invoices will then be entered on the schedule as referred to above.
- e. If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998 and/or the due date for payment is before the next scheduled meeting of the Council's Finance Committee, where the RFO can certify that there is no dispute or other reason to delay payment, then the RFO may 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.
- f. The RFO may provide petty cash for use by officers for certain items of expenditure. A petty cash float of £100 (maximum) is therefore made available. Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations. All payments to maintain the petty cash float shall be shown separately on the schedule of payments under 5b above.

7. Payment of Salaries and Wages

- a. The payment of all salaries and wages shall be agreed by the Council. Payment shall be made by BACS as part of the agency agreement with Cheshire West and Chester Council (CWAC) in accordance with payroll records and the rules of PAYE and national insurance currently operating.
- b. All timesheets shall be certified as to accuracy by the RFO and/or the Administrative Officer.

8. Loans and Investments

- a. All loans and investments shall be negotiated by the RFO in the name of the Council and shall be for a period set by the Council. Changes to loans and

investments shall be reported to the Council's Finance Committee at the earliest opportunity.

- b. All investments of money under the control of the Council shall be in the name of the Council.
- c. All borrowing shall be undertaken in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by the Council as to terms and purpose.
- d. All investment certificates and other documents relating thereto shall be retained in custody of the Town Council's bankers.

9. Income

- a. The collection of all sums due to the Council shall be the responsibility of, and be carried out under the supervision of, the RFO.
- b. Particulars of all charges to be made for work done, services rendered or goods supplied should be detailed on invoices.
- c. The Council will review all its fees and charges annually, as part of the budget setting process.
- d. Any sums found to be unrecoverable and any bad debts shall be reported to the Council and shall be written off within the year in question.
- e. All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- f. A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying in sheet.
- g. Every transfer of official money from one member of staff to another shall be signed for by the receiving officer.
- h. Personal cheques shall not be cashed out of money on behalf of the Council.
- i. 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.
- j. Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as 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

- a. 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 purchases. Copies of orders issued shall be maintained.
- b. Order books shall be controlled under the supervision of the RFO.
- c. All Members and officers are responsible for obtaining value for money at all times. An officer issuing an official order is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 (l) below.
- d. 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/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

- a. Procedures as to contracts are laid down as follows (also see paragraphs 129-135 of the Council's Standing Orders): -
 - Financial Regulations shall be reviewed regularly and at least annually for fitness of purpose
 - Financial Regulations shall confirm that a proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £20,000 shall be procured on the basis of a formal tender (see Standing Orders 131-132)
 - Subject to additional requirements in the Financial Regulations of the council, the tender process for contracts for the supply of goods, materials, services or the execution of works shall include, as a minimum, the following steps:
 - A specification for the goods, materials, services or the execution of works shall be drawn up;
 - An invitation to tender shall be drawn up to confirm (1) the council's specification (2) the time, date and address for the submission of tenders (3) the date of the council's written response to the tender and (4) the prohibition on prospective contractors contacting councillors or staff to encourage or support their tender outside the prescribed process;
 - The invitation to tender shall be advertised in a local newspaper and/or in any other manner that is appropriate;

- Tenders are to be submitted in writing in a sealed marked envelope addressed to the Proper Officer (in this case, the Town Clerk);
 - Tenders shall be opened by the Proper Officer after the deadline for submission of tenders has passed, in the presence of the Mayor, and the Chair/Deputy Chair of the Finance Committee, or any other Member(s) who may have been designated for the purpose by the Council and/or by the Committee to which the power of making the contract to which the tenders relate has been delegated;
 - Tenders are to be reported to and considered by the appropriate meeting of the Council and/or the relevant Committee with delegated responsibility.
- b. Neither the Council nor a Committee/Sub-Committee (with delegated responsibility for considering tenders) is bound to accept the lowest value tender.
 - c. Where the value of a contract is likely to exceed £99,695 (in terms of supplies or services), the Council is likely to be subject to EU Public Procurement Directives.
 - d. The Town Clerk has authority to place orders for work, goods and services up to £1,000.
 - e. For expenditure above £1,000, but below £5,000, authority is given to the Clerk - with approval from the Town Mayor and the Chairman of the Finance Committee - to act but three tenders should be obtained for new work and endorsement of any action shall be sought at the next Finance Committee meeting.
 - f. Any proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £5,000 but not exceeding £20,000 shall be considered by the RFO, the Town Mayor and the Finance Committee Chair as to the need to proceed on the basis of a formal tender as outlined above, or to limit the action to obtaining three written quotes.
 - g. Tenders shall be strictly controlled by the RFO and only opened in accordance with the procedure outlined above.
 - h. Any Committee/Sub-Committee and/or full Council have the right to recommend the lowest tender, but acceptance of a tender other than the lowest must be subject to a report to the Town Council.
 - i. The actions of the Mayor, and Chair/Deputy Chair of the Finance Committee (or any other Member involved in the process) in accepting a tender must be the subject of ratification at the next available Finance Committee meeting.
 - j. In placing orders for goods, works, services, the Council shall have regard to any 'buy local' policy.

- k. Every contract, whether made by the 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 other than by direction of the Council or (in an emergency) by a relevant Committee: -
- For the supply of gas, electricity, water, sewerage and telephone services;
 - For specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - For work to be executed or goods or material to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
 - For work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council; and
 - For goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price.
- l. When applications are made to waive standing orders relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- m. 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.
- n. Any invitation to tender shall state the general nature of the intended contract and the RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall state that tenders must be addressed to the RFO and the last date by which such tenders should reach the RFO in the ordinary course of post. All sealed tenders shall be opened at the same time on the prescribed date by the relevant Committee and/or by the full Council.
- o. If fewer than three tenders are received for contracts valued above £1,000 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.

12. Payments under Contract for Building/Other Construction Work

- a. Payments on account for 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).

- b. 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 the work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the appropriate Committee and/or Council.
- c. Any variation/addition to, or omission from, a contract must be approved by Council and confirmed by the Clerk to the contractor in writing, with the Council being informed where the final cost is likely to exceed the financial provision.

13. Stores and Equipment

- a. All Town Council staff shall be responsible for the care and custody of stores and equipment.
- b. Delivery notes must be obtained in respect of all goods received into store and goods must be quality checked at the time delivery is made.
- c. Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- d. The RFO shall be responsible for an annual check of all stocks and stores.

14. Properties and Estates

- a. The RFO 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 the Accounts and Audit (England) Regulations 2015.
- b. 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.

15. Insurance

- a. The RFO shall ensure all insurances are in place for the Council and negotiate all claims with the Council's insurers.
- b. Relevant members of staff shall give prompt notification to the RFO of all new risks, properties or vehicles that require to be insured and of any alterations affecting existing insurances.
- c. The RFO shall keep a record of all insurances put in place by the Council and the property and risks covered thereby and annually review it.
- d. The RFO shall be notified of any loss liability or damage or any event likely to lead to a claim.
- e. All appropriate Members and employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

16. Charities

- a. Where the Council is sole trustee of a charitable body the RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such a form as shall be appropriate, in accordance with charity legislation, or as determined by the Charity Commission.
- b. The RFO shall arrange for any audit/independent examination as may be required by law or any governing document on these funds.

17. Risk Management

- a. The RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
- b. When considering any new activity the RFO shall prepare a draft risk assessment for the activity and shall address the legal/financial liabilities and risk management issues that arise to Council for consideration and, if thought appropriate, adoption.

18. Grants

- a. The Town Council has agreed that any organisation wishing to apply for a Grant should complete the necessary forms and provide information as required, subject to the Town Council's Grants Policy & Procedure.
- b. Upon receipt of a request for financial assistance in the form of a grant application forms and information will be forwarded to the applicant.
- c. Completed grants forms will be considered by the next appropriate Grants Sub-Committee meeting, with any recommendations subject to approval by the Finance Committee.

19. Revision of Financial Regulations

- a. It shall be the duty of the Finance Committee to review the Council's Financial Regulations on a regular basis and make such recommendations to the Council as the Committee considers are required.

Adopted by Winsford Town Council

Date: **18th February 2019**

Minute ref: **FC141**