



LEIGHTON-LINSLADE TOWN COUNCIL

FINANCIAL REGULATIONS
(adopted January 2011)



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FINANCIAL REGULATIONS

These Financial Regulations were adopted by Council at a meeting held on 17 January 2011. .

1 GENERAL

- 1.1 These financial regulations govern the conduct of the financial management of the Council and may only be amended or varied by resolution of the Council. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of financial control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the Council meets these responsibilities
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council (The Town Clerk has been appointed as RFO for this Council and these regulations will apply accordingly.) In the absence of the Responsible Financial officer, the Deputy Town Clerk will assume this role. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine, on behalf of the Council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the Council are maintained and kept up to date in accordance with proper practices.
- 1.3 The RFO shall produce financial management information as required by the Council.
- 1.4 At least once a year (usually prior to the year end on 31 March), the Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practice (see supplementary regulations - paragraph 18, page 11).
- 1.5 In these Financial Regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of Section 27 of the Audit Commission Act 1998 and then in force.
- 1.6 In these Financial Regulations, the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability in Local Councils in England and Wales – a Practitioners' Guide which is published jointly by the National Association of Local Councils and the Society of Local Council Clerks and updated from time to time.

2 ANNUAL ESTIMATES (BUDGETS)

- 2.1 Each Committee shall formulate and submit proposals to the Council in respect of revenue and capital funding including the use of reserves and sources of funding for the following financial year not later than the end of November each year.
- 2.2 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Council.
- 2.3 The Council shall review the budget in January each year and shall fix the precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall consider the need for and have regard to a three-year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual budget

3 BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included for that category of expenditure in the approved budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that category of expenditure. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- 3.3 The Responsible Financial Officer shall make available to each councillor as soon as practicable after 31 March, 30 June, 30 September and 31 December in each year a statement summarising the Council's receipts and payments for each quarter and the balances held at the end of a quarter. This statement should include a comparison with the budget for the financial year. A Financial Statement prepared on the appropriate accounting basis (receipts and payments, or income and expenditure) for a year to 31 March shall be presented to each councillor before the end of the following month of May. The Statement of Accounts of the Council (which is subject to external audit), including the annual governance statement, shall be presented to Council for formal approval before 30 June.
- 3.4 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.

- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the Council.
- 3.6 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.
- 3.7 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, in accordance with the Accounts and Audit Regulations.
- 4.2 The RFO shall complete 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 Council.
- 4.3 The RFO shall complete the Accounts of the Council within the timescales set by the Accounts and Audit Regulations.
- 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 proper practices. 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 be appointed by and shall carry out the work required by the Council, in accordance with proper practices. 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. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the Council.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by the Audit Commission Act 1998 and the Accounts and Audit Regulations.

- 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, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed 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, together with the relevant invoices, be presented to the Committee responsible for payments. If the schedule is in order, it shall be authorised by a resolution of the Committee and shall be initialled by two of the cheque signatories present at the Meeting. If more appropriate, the detail may be shown in the Minutes of the Meeting.
- 5.3 Cheques 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 countersigned by the Town Clerk or his/her deputy.

6 PAYMENT OF ACCOUNTS

- 6.1 All payments, apart from petty cash payments, referred to in paragraph 6.3, 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. 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 settle all invoices submitted which are in order, The Clerk shall report accordingly at the next available appropriate Committee or Sub-Committee 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 the Committee responsible for payments, where the Clerk as the RFO certifies that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding paragraph 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 the Committee responsible for payments.
- 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 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 payments presented to Council under 5.2 above.

6.6 If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two members 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 at least every two years.

7 PAYMENT OF SALARIES

7.1 As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as 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 stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Committee responsible for payments. The payment of all salaries and wages shall be directly to employees' personal bank accounts and shall be calculated and made by Payroll Options via BACS as agent for Leighton-Linslade Town Council.

7.3 The RFO shall maintain records detailing all payments made by Payroll Options as agent for the Town Council.

7.4 All timesheets shall be certified as to accuracy by the employee's manager and retained by the RFO

8 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 shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Policy shall be reviewed at least annually.

8.3 In respect of making and managing investments, Leighton-Linslade Town Council is bound under section 15(1) of the Local Government Act 2003 "...to have regard (a) to such guidance as the Secretary of State may issue,

and (b) to such other guidance as the Secretary of State may by regulations specify...

- 8.4 All investments of money under the control of the Council shall be in the name of the Council.
- 8.5 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. The terms and conditions of borrowings shall be reviewed at least annually.
- 8.6 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 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.
- 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 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

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. Copies of orders shall be retained.
- 10.2 Orders 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 minimis provisions in Regulation 11 (h) 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 contracts 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 (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 additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk/RFO shall act after consultation with the Chair and Vice Chair of the Committee responsible for audit);
 - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

- (b) Where it is intended to enter into a contract exceeding £10,000 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. WHAT APPROVED LIST?
- (c) When 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.
- (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 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 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 above £10,000, 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) Any invitation to tender issued under this regulation shall contain a statement to the effect

If a potential contractor for any appointment under the Council is to their knowledge related to any member of or the holder of any office under the Council, they and the person to whom they are related shall disclose the relationship in writing to the Town Clerk. A potential contractor who fails so to do shall be disqualified and, if appointed, may be dismissed without notice. The Town Clerk shall report to the Council, or to the appropriate Committee, any such disclosure. Where the relationship to a member is disclosed, if a member who has declared a personal interest then considers the interest to be prejudicial, s/he must withdraw from the room or Council Chamber during consideration of the item to which the interest relates.¹

Canvassing of members of the Council or of any Committee, directly or indirectly, for any contract under the Council shall disqualify the contractor for such appointment. The Town Clerk shall make known this sub-paragraph to every contractor.

¹ In accordance with Section 12 of the Code (of which Section 12(2) has been adopted).

A member of the Council or of any Committee shall not solicit for any person any appointment under the Council or recommend any person for such appointment; but, nevertheless, any such member may give a written testimonial of a contractor's ability, experience or character for submission to the Council.

- (h) When it is to enter into a contract of less than £10,000 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 or RFO shall obtain three quotations (priced descriptions of the proposed supply); where the value is below £2,500 and above £1,000 the Clerk or RFO shall strive to obtain three estimates. Otherwise, Regulation 10.3 above shall apply.
- (i) The Council shall not be obliged to accept the lowest or any tender, quote 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 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 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 shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality 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 ASSETS, 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 the Accounts and Audit Regulations.
- 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 £50.
- 14.3 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets

15 INSURANCE

- 15.1 Following the annual risk assessment, (as per Financial Regulation 17), the RFO shall effect all insurances and negotiate all claims on the Council's insurers [in consultation with the Clerk].
- 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 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 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 RISK MANAGEMENT

- 17.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk (with the RFO) shall prepare for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 17.2 When considering any new activity, the Clerk (with the RFO) shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

18 INTERNAL CONTROL

- 18.1 The Council's system of internal control shall cover :
- (a) Appointment of Proper Officers and the Responsible Finance Officer.
 - (b) Proper book-keeping and financial reporting arrangements.
 - (c) Financial regulations including Standing Orders and payment controls.
 - (d) Risk management arrangements.
 - (e) Budgetary controls.
 - (f) Income controls.
 - (g) Petty cash controls.
 - (h) Payroll controls.
 - (i) Capital controls covering asset management, investments and borrowing.
 - (j) Bank reconciliation.
 - (l) Other areas identified from time to time in risk assessments.
- 18.2 In order to promote efficiency, economy and effectiveness, the Council may establish committees for Finance and/or Audit and/or Scrutiny under terms of reference specifying the objectives of the Committee, its membership, limitation of scope and functions of the Council which are to be delegated.
- 18.3 The accounting records determined by the RFO shall be sufficient to show the Council's transactions and to enable the RFO to ensure that any income and expenditure account, statement of balances or record of receipts and payments (and additional information to be provided or management information requested by the Council from time to time, as the case may be) comply with the Accounts and Audit regulations. The accounting records determined by the RFO shall in particular contain :

- (a) Entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate.
- (b) A record of the assets and liabilities of the Council.
- (c) Wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

18.4 The accounting control systems determined by the RFO shall include :

- (a) Procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable, and as accurately and reasonably as possible, to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records
- (b) Identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions.
- (c) Procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the Council for approval to be written off, except with the approval of the RFO, and that the approvals are shown in the accounting records.
- (d) Measures to ensure that risk is properly managed.

19 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. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.

January 2011