

Malmesbury Town Council

Financial Regulations

1. General

- 1.1 Section 151 of the Local Government Act 1972, together with Section 73 of the Local Government Act, 1985 and Section 114(1) of the Local Government Finance Act, 1988 requires that every local authority shall make arrangements for the proper administration of their financial affairs, and shall secure that one of their officers has responsibility for the administration of those affairs. The accounting, financial administration and financial control system of the Town Council shall be the specific responsibility of the Town Clerk who shall maintain the integrity of the financial administration and control system.
- 1.2 The Policy & Resources Committee shall be responsible to the Town Council for the regulation and control of all the finances of the Council.

2. Financial Regulations

- 2.1 These financial regulations govern the conduct of financial management by the Town 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.
- 2.2 The Town Clerk has been appointed as Responsible Finance Officer (RFO) for the Town Council and these regulations will apply accordingly. 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.
- 2.3 The RFO shall produce financial management information as required by the Town Council.
- 2.4 At least once a year, prior to approving the annual return, the council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 2.5 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.
- 2.6 These regulations should be read in concert with the Financial Risk Assessment which contains details on internal financial controls and which is reviewed annually in advance of the completion of the Annual Return.
- 2.7 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 NALC and SLCC and updated from time to time.

Malmesbury Town Council Financial Regulations

3. Annual Estimates (Budget)

3.1 The Policy & Resources Committee shall formulate and submit proposals to the Town Council in respect of revenue and capital including the use of reserves and sources of funding for the following financial year not later than the end of December each year.

1

3.2 Each Standing Committee shall formulate and submit proposals to the Policy & Resources Committee in respect of proposed revenue and capital expenditure for the following financial year not later than the end of November each year.

3.3 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 Town Council.

3.4 The Town Council shall review the budget and shall fix the Precept to be levied for the ensuing financial year not later than the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.

3.5 The annual budgets shall form the basis of financial control for the ensuing year.

3.6 The Town Council shall consider the need for and shall 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.

4 Budgetary Control

4.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.

4.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure without the express approval of the Policy & Resources Committee, such approval to be reported to the next meeting of the Town Council.

4.3 During the budget year, and with the approval of the Town Council, having considered fully the implications for public services, unspent and available amounts may be vired to other budget headings or to an earmarked reserve as appropriate.

4.4 The RFO shall regularly (intervals not to exceed three months) provide the Town Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget.

4.5 The Town Clerk 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 £2,000. The Town Clerk shall report the action to the Policy & Resources Committee as soon as practicable thereafter.

4.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in a specified earmarked reserve by resolution of the Town Council.

4.7 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Town Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.

2

Malmesbury Town Council Financial Regulations

4.8 All capital works shall be administered in accordance with the Town Council's financial regulations relating to contracts.

5. Accounting and Audit

5.1 All accounting procedures and financial records of the Town Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.

5.2 The RFO shall complete the annual financial statements of the Town Council, including the Council's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Town Council.

5.3 The RFO shall complete 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 shall submit the Annual Return for approval and authorisation by the Town Council within the timescales set by the Accounts and Audit Regulations.

5.4 The RFO shall ensure that there is adequate and effective system of internal audit of the Town 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.

5.5 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 Town Council, shall report to the Council in writing, or in person, on a regular basis with a minimum of one annual written 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.

5.6 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 Audit Commission Act 1998 and the Accounts and Audit Regulations.

5.7 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.

5.8 The Chair of Policy & Resources Committee or his Deputy and one other councillor selected from the Chairs of the Standing Committees of the Town Council, shall prior to each scheduled meeting of Council examine all payments made during the completed calendar months since the last examination to ensure that the payments made have been in respect of expenditure properly incurred in accordance with these Regulations. They shall also reconcile the accounts with bank statements and check the petty cash balance. The findings will be reported to the next appropriate meeting of the Town Council.

6. Banking Arrangements and Cheques

6.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Town Council. They shall be regularly reviewed for efficiency.

Malmesbury Town Council Financial Regulations

- 6.2 Electronic payments and transfers shall be set up by either the Town Clerk or the Deputy Town Clerk, and then approved by two members, within two working days.
- 6.3 Cheques drawn on the bank account shall be signed by two members of the Town Council, and countersigned by the Town Clerk or other authorised officer of the Town Council.
- 6.4 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.

7. Payment of Accounts

- 7.1 All payments shall be effected by cheque or other order drawn on the Town Council's bankers.
- 7.2 All invoices for payment shall be examined, verified and certified by the Town Clerk. The Town 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.
- 7.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading.
- 7.4 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 as petty cash float of up to **£100** for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
 - b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
 - c) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to the Town Council under 6.2 above.
- 7.5 If thought appropriate by the Town Council, payment may be made by variable Direct Debit provided that the instructions are signed by two members of the council and the RFO or a suitably authorised member of staff. Any payments are to be reported to council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the council every year.

8. Payment of Salaries

- 8.1 As an employer, the Town 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 the Town Council, in accordance with contractual obligations.

9. Loans and Investments

- 9.1 All loans and investments shall be negotiated in the name of the Town Council and shall be for a set period in accordance with Council policy.

Malmesbury Town Council Financial Regulations

- 9.2 The Town 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.
- 9.3 All investments of money under the control of the Council shall be in the name of the Town Council.
- 9.4 All borrowings shall be made in the name of the Town 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.
- 9.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

10. Income

- 10.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 10.2 The Town Council will review all fees and charges annually, following a report of the Town Clerk.
- 10.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 10.4 All sums received on behalf of the Town 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.
- 10.5 The origin of each receipt shall be entered on the paying-in slip.
- 10.6 Personal cheques shall not be cashed out of money held on behalf of the Town Council.
- 10.7 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 quarterly as specified by Her Majesty's Revenue & Customs.
- 10.8 Where any significant sums of cash are regularly received by the Town 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.

11. Orders for Work, Goods and Services

- 11.1 An official order or letter shall be issued for all work, goods and services over **£500** unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained and cross-referenced to invoices received.
- 11.2 Order books shall be controlled by the RFO.
- 11.3 All members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order shall 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 12.1 below.
- 11.4 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

Malmesbury Town Council Financial Regulations

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.

12. Contracts

12.1 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 Town Council;
 - (v) for additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk shall act after consultation with the Mayor and Chairman of the Finance & General Purposes Committee);
 - (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 **£5,000** 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 Town Clerk shall invite tenders from at least three firms.
- (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 the Town Council.
- (d) Such invitation to tender shall state the general nature of the intended contract and the Town 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 Town 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 Town Clerk in the presence of two members of Council, preferably one of whom should be the Chairman of the Policy & Resources Committee.
- (f) Provided that at least two quotations are received by the date and time stipulated for contracts above **£5,000**, or if all the tenders are identical, the Town Clerk in conjunction with the Chair of the Policy & Resources Committee shall have power to accept an appropriate quotation.

Malmesbury Town Council Financial Regulations

- (g) When it is to enter into a contract less than £5,000 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 Town Clerk shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below **£1,000** and above **£100** the Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 11 (3) above shall apply.
- (h) The Town Council shall not be obliged to accept the lowest or any tender, quote or estimate. Where the Town Clerk, in conjunction with the Chair of the Policy & Resources Committee do not accept the lowest quotation a written report will be submitted on the circumstances to the next meeting of the appropriate committee. Acceptance must be in writing and supported by a copy of the appropriate quotation document setting out terms and conditions, where applicable.

12.2 Every contract made by the Town Council or by a committee, sub-committee, or officer acting on their behalf shall comply with the EU Treaty and with any relevant

Directives of the EEC for the time being in force in the United Kingdom and, except as hereinafter provided, within these Financial Regulations.

12.3 It shall be a condition of any contract between the Town Council and any person, not being an officer of the Council, who is required to supervise a contract on their behalf that, in relation to such contract, he/she shall comply with the requirements of the Council's Standing Orders and Financial Regulations as if he/she were an officer of the Town Council.

12.4 On occasions, particularly when the Town Council is contractually bound as an agent on behalf of some other statutory body, it will be necessary for the standing orders and rules and regulations of that body to have precedence over these standing orders in order that the Council may carry out its obligations to/on behalf of that body.

12.5 Exemption from any of the following provisions of these Financial Regulations may be made by direction of the Town Council or Policy & Resources Committee duly authorised in that behalf where they are satisfied that the exemption is justified in special circumstances.

12.6 A record of any exemption made shall, be recorded in the minutes of the appropriate committee or Town Council.

13. Payments Under Contracts for Building or Other Construction Works

13.1 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).

13.2 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 Town Council.

13.3 Any variation to a contract or addition to or omission from a contract must be approved by the Town Council and Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

Malmesbury Town Council Financial Regulations

14. Appointment of Consultants

- 14.1 Tenders for consultancy work be invited only from the membership list of the appropriate professional body and not from public advertisement. Having consulted the membership list of the relevant professional body, preference should be given to firms in the locality. Where no professional body exists qualifications, experience and evidence of work undertaken must be sought to establish credibility.
- 14.2 The full terms of the appointment should be made known to tenderers at the time tenders are invited.

15. Stores and Equipment

- 15.1 The Town Clerk or nominated official shall be responsible for the care and custody of stores and equipment in that section.
- 15.2 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.
- 15.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 15.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

16. Assets, Properties and Estates

- 16.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Town Council. The RFO shall ensure a record is maintained of all properties owned by the Town 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 Accounts and Audit Regulations.
- 16.2 No property shall be sold, leased or otherwise disposed of without the authority of the Town Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £100.
- 16.3 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.

17. Insurance

- 17.1 Following the annual risk assessment (per Financial Regulation 19), the RFO shall effect all insurances and negotiate all claims on the Town Council's insurers.
- 17.2 The RFO shall keep a record of all insurances effected by the Town Council and the property and risks covered thereby and annually review it.
- 17.3 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to the Town Council at the next available meeting.
- 17.4 All appropriate employees of the Town Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

Malmesbury Town Council Financial Regulations

18. Charities

18.1 Where the Council is sole trustee of a Charitable body the Town Clerk 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 Town Clerk shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

19. Risk Management

19.1 The Town Council is responsible for putting in place arrangements for the management of risk. The Town Clerk 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 Town Council at least annually.

19.2 When considering any new activity, the Town Clerk shall include in the report to Council a risk assessment indicating risk management proposals for consideration and adoption by the Town Council.

20. Security

20.1 The Town Clerk is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc., under their control.

20.2 The Town Clerk is responsible for maintaining a register of all keys issued.

21. Revision of Financial Regulations

21.1 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.

These Financial Regulations were adopted by the Council at its Meeting on 13 October 2009