

RIPLEY TOWN COUNCIL

FINANCIAL REGULATIONS

These Financial Regulations were accepted by the Council at its Meeting held on 14 September 2004

1 GENERAL

- 1.1 These financial regulations govern the conduct of financial management by 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 Clerk has been appointed as RFO for this 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.
- 1.3 The RFO shall produce financial management information as required by the Council.
- 1.4 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.
- 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 that is published jointly by NALC and SLCC and updated from time to time.

2 ANNUAL ESTIMATES (BUDGET)

- 2.1 The Council shall formulate and submit proposals in respect of revenue and capital including the use of reserves and all sources of funding for the following financial year no 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 not later than the end of 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 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.

3 BUDGETARY CONTROLS

- 3.1 Expenditure on revenue items maybe incurred up to the amounts included for that class 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 class 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 RFO shall regularly provide the 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. These statements are to be prepared at least at the end of each financial quarter.
- 3.4 The Town 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 £250.00. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5 The Town Clerk may incur expenditure on behalf of the Council subject to a limit of £25.00 with details of the expenditure being reported to Council at the next available meeting.
- 3.6 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.

- 3.7 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 3.8 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 1996.
- 4.2 The RFO shall complete the annual financial statements of the Council, including the \council's annual return, as soon as practical 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 to 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 Council with the timescales set by the Accounts and Audit Regulations 1996.
- 4.4 The RFO shall ensure that there is adequate and effective system of internal audit and 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, 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.
- 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 accounts required by the Audit Commission Act 1998 and the Accounts and Audit Regulations 1996.
- 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

- 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 Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman of the Meeting. If more appropriate the detail may be shown in the Minutes of the Meeting.
- 5.3 Cheques drawn on the bank 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 (Town Mayor and Deputy Town Mayor) and countersigned by the Town Clerk.
- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

6 PAYMENT OF ACCOUNTS

- 6.1 All payments should 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 Town Clerk. The Town Clerk shall satisfy himself 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 Town Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.4 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the Town Clerk and RFO certify that there is no dispute or other reason to delay payment the Town 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 Council.
- 6.5 The Town Clerk is authorised to make payments in connection with the annual Christmas lighting display subject to payments being submitted to the next appropriate meeting of Council.

- 6.6 The Council will not maintain any form of cash float. All cash received must be banked intact. All payments made in cash by the Town Clerk or RFO (for example postage or minor stationery) shall be refunded on a regular basis, at least quarterly.
- 6.7 The Council will not operate a petty cash system.
- 6.8 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 by 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 Council Meeting.

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 annually.
- 8.3 All investments of money under the control of the Council shall be in the name of the Council.
- 8.4 All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The terms and conditions of borrowings shall be reviewed at least annually
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

9 INCOME

- 9.1 The collection of sums due to the Council shall be the responsibility of the Town Clerk.
- 9.2 The Council will review all fees and charges annually, following a report of the Town Clerk.
- 9.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.4 All sums received on behalf of the Council shall be banked in tact.
- 9.5 The origin of each receipt shall be entered on the paying in slip.
- 9.6 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.7 The Town Clerk shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 Section33 shall be made at least annually coinciding with the financial year end.

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.
- 10.2 All members and Officers are responsible for obtaining value for money at all times.
- 10.3 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 Items of expenditure under £5000.00 shall be subject only to one quotation; items of expenditure over £5000.00 shall be subject to a minimum of two quotations.
- 11.2 All quotations shall be reported to Council for decision.
- 11.3 The letting of contracts shall be the responsibility of the Town Clerk following Council approval

12 ASSETS, PROPERTIES AND ESTATES

- 12.1 The Town Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Town Clerk 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 Accounts and Audit Regulations.
- 12.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £50.
- 12.3 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.

13 INSURANCE

- 13.1 Following the annual risk assessment (per Financial Regulation 14) the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 13.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 13.3 The RFO shall in respect of any loss liability or damage or of any event likely to lead to a claim, shall report these to Council at the next available meeting.
- 13.4 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.

14 RISK MANAGEMENT

- 14.1 The 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 Council at least annually.
- 14.2 When considering any new activity, the Town Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

15 REVISION OF STANDING ORDERS

- 15.1 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 requirements for a consequential amendment to these financial regulations

Revised14092004