

FINANCIAL REGULATIONS

1. General

- 1.1. These financial regulations shall govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.
- 1.2. The Responsible Financial Officer (RFO) under the policy direction of the Internal Audit Committee and the full Council shall be responsible for the proper administration of the Council's financial affairs.
- 1.3. The RFO shall be responsible for the production of financial management information.
- 1.4. Where a value is included this is the amount less VAT.

2. Annual Estimates

- 2.1. The Council shall formulate and consider proposals in respect of revenue services and capital projects for inclusion in the rolling capital programme not later than the end of November each year.
- 2.2. Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the RFO.
- 2.3. The Council shall review and consider the estimates not later than the end of November in each year and shall agree the precept at its annual precept meeting in December to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.
- 2.4. The annual capital and revenue budget shall form the basis of financial control for the ensuing year.

3. Budgetary Control

- 3.1. Expenditure on the revenue account may be incurred up to the level of the precept.
- 3.2. No expenditure may be incurred which cannot be met from the amount provided in the appropriate revenue budget centre unless a virement has been agreed by the Council.
- 3.3. The RFO shall periodically provide the Council with a statement of income and expenditure to date under each heading of the approved annual revenue and capital budget centres.
- 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 £1,000, in consultation with the Mayor and Deputy Mayor. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5. Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within the approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Council.
- 3.6. Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless 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 expenditure on capital account unless the Council 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.
- 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 as required by the Accounts and Audit Regulations 2003. (SI 2003/533) (as amended by the Accounting and Audit (Amendment) (England) Regulations 2006 (SI 2006/564).
- 4.2 The RFO shall be responsible for completing the Annual Accounts of the Council after the end of the financial year and by the date required by regulation and shall submit them to and report thereon to the full.
- 4.3 The following principles shall be observed in connection with accounting duties.
- (a) The duty of providing information, calculating, checking and recording sums due to, or from, the Council should be separated as completely as possible from the duty of collecting or dispersing them.
 - (b) Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.
- 4.4 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 regulation 5 of the Accounts and Audit Regulations 2003. (SI 2003/533) (as amended by the Accounting and Audit (Amendment) (England) Regulations 2006 (SI 2006/564). Any officer or member of the Council shall, if the RFO requires, make available such documents of the Council which relate to their accounting and other records as appear to the RFO to be necessary for the purpose of the audit and shall supply the RFO with such information and explanation as the RFO considers necessary for that purpose.

5. Banking Arrangements and Cheques

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. Two accounts shall be maintained at the bank, a current account and a business reserve account.
- 5.2 A schedule of the payment of money shall be prepared by the RFO and presented to the Council for information and retrospective approval. The schedule shall then appear as an appendix to the minutes of the meeting at which it was approved.
- 5.3 Cheques and autopay sheets (BACs) drawn on the two bank accounts in accordance with the schedule referred to in the previous paragraph shall be countersigned by the RFO following Council approval. Cheque stubs will also be annotated by the RFO to identify cheque signatories.
- 5.4 The RFO to be authorised to draw petty cash as and when required.
- 5.5 The RFO to be authorised to transfer monies between bank accounts of the Council as required.
- 5.6 The RFO to be authorised to make payments electronically from the Council's Business Current Account.

- 5.7 The RFO to produce on a weekly basis a schedule of payments to be approved by two councilors in advance of payment.

6. Payment of Accounts

- 6.1 Apart from petty cash payments all payments shall be effected by cheque or BACs transfers drawn on the Council's bankers.
- 6.2 All invoices for payment shall be examined, verified and certified by the RFO. Before certifying an invoice, the RFO shall satisfy him / herself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.3 The RFO shall also examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head. He / she shall take all reasonable steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.4 All duly certified invoices will then be entered on the schedule referred to in 5.2 above.
- 6.5 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. This includes use of the Council's debit card. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement where the credit card facility is not used:
- (a) The RFO shall maintain a petty cash float to a limit of £100 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment. Petty cash payments will be included in the schedule referred to above at 5.2.
 - (b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.

7. Payment of Salaries and Wages

- 7.1 The payment of all salaries and wages shall be made by the RFO from the current account in accordance with payroll records.

8. Loans and Investments

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the Council, and shall be for a set period of time in accordance with Council policy. Changes to loans and investments shall be reported to the Internal Audit Committee at the earliest opportunity.
- 8.2 All investments of money under the control of the Council shall be in the name of the Council.
- 8.3 All borrowings shall be affected in the name of the Council.
- 8.4 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

9. Asset Register

- 9.1 An asset register will be held at the Town Council and will list all assets held by the Council to the value of £250 or greater. An inventory will be maintained for all other items.
- 9.2 The asset register and inventory will be reviewed annually or when there are any material alterations by the Internal Audit Committee.

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 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts due to the Council.
- 10.3 The Council will review all fees and charges annually, following a report of the RFO.
- 10.4 Any bad debts shall be reported to the Internal Audit Committee.
- 10.5 All sums received on behalf of the Council shall be paid and banked by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 10.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 10.7 Every transfer of official money from one member of staff to another shall be signed for by the receiving officer.
- 10.8 Personal cheques shall not be cashed out of money held on behalf of the Council.

11. **Orders for Work, Goods and Services**

- 11.1 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, e.g. petty cash purchases. Copies of orders issued shall be maintained.
- 11.2 Order books shall be controlled by the RFO.
- 11.3 All officers are responsible for obtaining value for money at all times. An officer issuing an official order is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction.

12. **Contracts**

- 12.1 Procedure as to contracts is laid down in the Council's standing orders as follows:-
 - (a) Every contract made by the Council shall comply with these regulations, and no exception from any of the following provisions of these regulations shall be made otherwise than by direction of the Council, provided that these regulations shall not apply to contracts which relate to item (i) to (v) 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 goods or materials proposed to be purchased which are proprietary articles and / or which are sold only at a fixed price.

- (b) Where it is intended to enter into a contract:
- (i) for expenditure of £1,000 or less in value, the Town Clerk / Responsible Financial Officer (RFO) or duly appointed deputy shall have executive power in consultation with the Mayor or his / her duly appointed Deputy Mayor with a report on the expenditure being made for information to the next ordinary meeting of the Council.
 - (ii) for expenditure of over £1,000 but less than £5000, the Town Clerk / RFO or duly appointed deputy shall, in consultation with the Mayor or his / her duly appointed Deputy Mayor, invite three quotations to be approved by the full Council.
 - (iii) for expenditure of over £5,000 the Town Clerk / RFO or duly appointed deputy shall seek three tenders, details of which to be advertised in the local press with a 21 day notice period.
 - (iv) for expenditure of over £20,000, the Town Clerk / RFO or duly appointed deputy shall seek three tenders from the approved tenders list held by Cornwall Council.
- (c) 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.
- (d) 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 reason by which the exception shall have been justified.
- (e) 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 / RFO and the last date by which such tenders should reach the Clerk / RFO 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.
- (f) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk / RFO or the properly authorised deputy duly witnessed by a member of staff or a member of the Council.
- (g) If less than three tenders are received for contracts valued above £5,000 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.
- (h) The Council shall not be obliged to accept the lowest or any tender.

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.
- 13.2 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 work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5 per cent or more a report shall be submitted to the full Council.
- 13.3 Any variation to a contract or addition to or omission from a contract must be approved by the Clerk in writing, the Mayor or Deputy Mayor being informed where the final cost is likely to exceed the financial provision.

14. Stores and Equipment

- 14.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 14.2 Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time delivery is made.
- 14.3 Stocks shall generally be maintained at the minimum level consistent with operational requirements.
- 14.4 The RFO shall be responsible for an annual check of all stocks and stores.

15. Properties and Estates

- 15.1 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 regulations 4(3)(b) of the Accounts and Audit Regulations 2003.
- 15.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, save where the estimated market value of any one item does not exceed £500.

16. Insurance

- 16.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 16.2 The Clerk shall promptly notify the insurers of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 16.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 16.4 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.
- 16.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

17. Revision of Financial Regulations

- 17.1 It shall be the duty of the Internal Audit Committee to review the financial regulations from time to time and to make such recommendations to the Council as the committee considers are required.

Approved by the Town Council on 2 August 2010.