

**ADAPTED FROM SPECIMEN LOCAL GOVERNMENT,
ENGLAND AND WALES
ACCOUNTS AND AUDIT REGULATIONS 2015**

WESTHOUGHTON TOWN COUNCIL

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), who is also the Town Clerk, under the policy direction of the Town Council shall be responsible for the Council's financial affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.

2. ANNUAL ESTIMATES

- 2.1 Each Committee shall formulate and submit proposals to the Town Council in respect of revenue services and capital projects for inclusion in the rolling 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 by the RFO
- 2.3 The Town Council shall review the estimates no later than the end of January in each year and shall recommend the precept to be levied for the ensuing year. The RFO shall supply each member with a copy of the approved estimates.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

3. BUDGETARY CONTROL

- 3.1 Expenditure in the revenue account may be incurred up to the amounts included in each approved Committee budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate committee revenue budget unless a virement has been provided by the Town Council or Planning and Finance & General Purposes Committee of the Council, which comprises of all Town Councillors, except Cllr J Speight.
- 3.3 The RFO shall periodically provide the Town Council with a statement of income and expenditure to date under each head of the approved annual revenue and capital budgets.
- 3.4 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacements 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 appropriate committee as soon as practicable thereafter.
- 3.5 Where expenditure incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within that committee's approved budget, it shall be subject to the provisions of supplementary estimate approved by the Town Council or the Planning and Finance & General Purposes Committee.
- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 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 committee concerned are satisfied that it is contained in the rolling programme and that the necessary funds are available, or the requisite borrowing approval can be obtained.
- 3.8 All capital work 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 2015, and the accounts shall be audited quarterly by an Independent Internal Auditor, and the Annual Statement of Accounts and the Annual Governance Statement shall be audited by the Internal Auditor prior to submission to the External Auditor by 30th June.

- 4.2 The RFO shall be responsible for completing the Annual Accounts of the Council as soon as practicable after the end of the financial year and shall submit them to and report thereon to the Town Council.
- 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 3 and 4 of the Accounts and Audit Regulations 2015. 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.
- 4.5 The Council shall conduct, each financial year a review of the system of its financial and operational control, including effective arrangements for the management of risk, and consider the findings of the review.
- 4.5 The Town Clerk shall prepare an Accounting Statement and Annual Governance Statement, to be approved by the Internal Auditor, and the Statements shall then be approved by resolution of the Town Council and forwarded to the External Auditor by 30th June, along with any required supporting documentation. The Accounting Statement and Annual Governance Statement shall be displayed on the Town Council's web site, explaining that they are subject to change.
- 4.6 The Period for the Exercise of Public Rights shall be displayed on the Town Council 's web site and Notice Board.

5. **BANKING ARRANGEMENTS AND CHEQUES**

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Town Council. One Current Account, one Reserve Account, one Capital Fund Account and one Charities Instant Access Account shall be maintained at the bank.

- 5.2 A schedule of the payment of money shall be prepared by the RFO and together with the relevant invoices etc. presented to the Town Council or the Planning and Finance & General Purposes Committee. If the schedule is in order it shall be authorised by a resolution of that committee and signed by the Chairman and Vice-Chairman.
- 5.3 Cheques and autopay sheets drawn on the bank accounts in accordance with the schedule referred to in the previous paragraph shall be signed by THREE of the following officers:
The Clerk plus any six other duly authorised officers. The Town Clerk alone is authorised to pay via the Town Council Business Debit Card. The Town Clerk alone is responsible for Internet Banking.

6. PAYMENT OF ACCOUNTS

- 6.1 Apart from petty cash payments all payments 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 officer issuing the order. Before certifying an invoice the officer shall satisfy himself that the work, goods or services to which the invoice relates have been received, carried out examined and approved.
- 6.3 Duly certified invoices shall be passed to the RFO who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head. He/she shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.4 When the RFO is satisfied that the invoices are in order they 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. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement:
- (a) The RFO shall maintain a petty cash float to the limit 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 the payments under 5.2 above.

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 the payroll records.
- 7.2 All time sheets shall be certified as to the accuracy by or on behalf of the Clerk.
- 7.3 The RFO shall deduct HMRC payments from staff salaries, submit supporting information and payments to HMRC and shall complete Annual Returns.

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 should be reported to the Town Council or Planning and Finance & General Purposes Committee at the earliest opportunity.
- 8.2 All investments of money under control of the Council shall be in the name of the Council.
- 8.3 All borrowing shall be effected 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. 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 notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts due to the Council.
- 9.3 The Council will review all fees and charges annually, following the report of the Clerk.
- 9.4 Any bad debts shall be reported the Town Council or Planning and Finance & General Purposes Committee.
- 9.5 All sums paid on behalf of the Council shall either be paid to the RFO for banking or be banked by the officer collecting the money 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 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying in slip.

9.7 Every transfer of official money from one member of staff to another shall be signed for by the receiving officer.

9.8 Personal cheques shall not be cashed out of money held on behalf of the Council.

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 eg: petty cash purchases. Copies of orders issued shall be maintained.

10.2 Order books shall be controlled by the RFO.

10.3 All officers are responsible for obtaining value for money at all times. An office 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.

11. **CONTRACTS**

11.1 Procedures as to the contracts are laid down in the Council's Standing Orders as follows:

(a) Every contract whether made by the Council or a committee to which the power of making contracts has been delegated shall comply with these Standing Orders, and no exception from any of the following provisions of these Standing Orders shall be made otherwise than by direction of the Council or in an emergency by such a committee as aforesaid provided that these Standing Orders shall not apply to contracts which relate to items (i) and (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 fixed price

- (b) Where it is intended to enter into a contract:
- (i) exceeding £2,500 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, such firms to be taken from the appropriate approved list
 - (ii) for expenditure of £2,500 or less in value the Chairman of the spending committee or his appointed Vice-Chairman together with the Clerk or the duly authorised deputy shall have executive power
 - (iii) Where the value of a contract is likely to exceed £138,893 (or other threshold specified by the Office of Government Commerce from time to time) the Council must consider whether the Public Contracts Regulations 2006 (SI No.5, as amended) and the Utilities Contracts Regulations 2006 (SI No. 6, as amended) apply to the contract and, if either of those Regulations apply, the Council must comply with EU procurement rules
- (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 emergency 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 and the last date by which such tender should reach the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specially 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 or the properly authorised deputy in the presence of at least one member of the Council.
- (g) If less than three tenders are received for contracts valued above £2,500 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) Any invitation to tender issued under this standing order shall contain a statement of the effect of standing order Nos: AA, BB and CC.
- (i) The Council shall not be obliged to accept the lowest or any tender.

12. PAYMENTS UNDER CONTRACT 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.
- 12.2 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 5% or more a report shall be submitted to the Town Council or Planning and Finance & General Purposes Committee.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Clerk in writing, the appropriate committee 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 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.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for an annual check of all stocks and stores.

14. 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, regarding the location, extent, plan, reference, purchase details, nature of interest, tenancies granted, rents payable and the purpose for which held .
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council.

15. INSURANCE

- 15.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The RFO shall update the insurance 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 the Town Council shall annually review its insurance.
- 15.4 The RFO shall be notified of any loss, liability or damage or of any event likely to lead to a claim.
- 15.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

16. REVISION OF FINANCIAL REGULATIONS

- 16.1 It shall be the duty of the RFO to review the financial regulations of the Council from time to time and to make such recommendations to the Council as he/she considers are required.

Revised: 29th January, 2018.

Reviewed: 28th January, 2019, 9TH December, 2019, 11th January, 2021.