



BEAMINSTER TOWN COUNCIL

FINANCIAL REGULATIONS

Adopted by the Council at its meeting held on Monday 17 May 2004, pursuant to the provisions of Standing Order 67

1. GENERAL

- 1.1 These financial regulations 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 duties of the Finance Officer (FO) will normally be the responsibility of the Clerk to the Council, except where, by special resolution of the Council, a Finance Officer, to act independently on behalf of the Council, may be designated from time to time.
- 1.3 The FO will be responsible for the production of all financial and projected management information as may be required. The FO shall supply each member of the Council with copy of all approved budget estimates and forecasts.
- 1.4 The Financial Year will run from 1st April to the 31st March of the following year.

2. ANNUAL ESTIMATES

- 2.1 The Finance Committee shall meet at least twice a year, in November and in February:
in November, to review actual and projected annual expenditure for the current financial year, and to make suitable adjustments where appropriate; to consider likely budget requirements for the following year; and to fix the Precept to be levied for the ensuing financial year:
in February, to review the likely budget out turn figures for the current financial year; to finalise the annual budget requirements for the ensuing year; and to update the rolling three-year budget projection forecast. Additionally, the Committee shall review and confirm the Council banking arrangements; and review and agree all fees, rentals and charges, and Council investments as well as Councillors' allowances, travelling and subsistence arrangements, to be applied for the ensuing year.
- 2.2 The FO shall prepare detailed estimates of all receipts and payments, as well as projections, as may be required for each meeting.
- 2.3 The Council shall review and approve all proposed recommended budget estimates and projections, and the Precept level, as may be required at their meetings in December and March.

2.4 The approved annual budgets will form the basis of financial control for the ensuing year.

3. BUDGETARY CONTROL

3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.

3.2 No expenditure may be incurred which will exceed the amount provided in the revenue budget.

3.3 The FO shall provide the Council with a monthly statement of receipts and payments to date, and showing existing committed and uncommitted budget allowances, under each budget heading.

3.4 The Clerk may incur expenditure on behalf of the Council where it is considered necessary as a matter of urgency to do so whether or not there is any budgetary provision for the expenditure. This is subject to a limit of £250, and having been first cleared with the Chairman and/or Vice Chairman. The Clerk shall report such action to the Council at their next meeting.

3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.

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. ALLOWANCES AND TRAVELLING EXPENSES

4.1 The Council may pay an Allowance each year to its Chairman and/or for members. Should the Council wish to pay such an allowance, it must have regard, in setting the level of such an allowance, to the recommendations which have been made in respect of it by the Local Authorities (Member's Allowances) (England) Regulations 2003.

4.2 Any such Allowance shall only be paid during such time as the member is a properly elected member of the council, and has not been suspended under a motion approved by the Council.

4.3 The West Dorset Parish Remuneration Panel has set out a guide to Town/Parish Councils (WDDC letter dated 14 November 2003, or Allowances in Town and Parish Councils) should the Council wish to introduce a scheme of basic Allowances.

4.4 Should an Allowance be agreed or revised, the Council is required to arrange for publication of such an Allowance in a conspicuous and public places, for a period of 14 days, containing the relevant information, in accordance with Section 25, of the Local Authorities (Members Allowances) (England) Regulations 2003.

- 4.5 The Council may pay an allowance in respect of travelling and subsistence, undertaken or incurred in connection with the performance of any duty within one or more of the following categories:-
- (a) an attendance at a meeting of the Council or of any committee or working party, or any other body to which the Council makes appointments or nominations, or of any committee or sub committee of such a body;
 - (b) the attendance at a meeting of any association of authorities of which the Council is a member;
 - (c) the performance of any duty in pursuance of any standing order made under section 135 of the Local Government Act 1972, requiring a member or members to be present while tender documents are opened;
 - (d) the carrying out of any other duty approved by the Council.
 - (e) where a member may be suspended by order of the Council any travelling expenses and subsistence allowances payable in respect of the responsibilities or duties from which a member is suspended may be withheld by the Council.
- 4.6 Travelling expenses will be paid at the rate of 25p per mile: any subsistence allowance will be determined as and when such payment would be appropriate.
- 4.7 Travelling expenses shall be authorised in advance by the Chairman and/or Vice Chairman, plus one other member of the Council. Such authorisation shall be properly documented in writing, and payment requests should be made to, and authorised for payment by the FO.

5. ACCOUNTING AND AUDIT

- 5.1 All accounting procedures and financial records of the Council shall be determined by the FO as required by the Accounts and Audit Regulations 1996 as amended.
- 5.2 The FO shall be responsible for completing the 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. An interim financial statement will be submitted to the Annual Parish Meeting, normally held in April of each year.
- 5.3 The FO shall be responsible for completing 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 for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 1996 as amended, or set by the Auditor.
- 5.4 The FO 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 Regulations 5 of the Accounts and Audit Regulations 1996 as amended. Any officer or member of the Council shall, if the FO or Internal Auditor requires, make available such documents of the

Council which appear to the FO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the FO or Internal Auditor with such information and explanation as the FO or Internal Auditor considers necessary for the purpose.

- 5.5 The Internal Auditor shall carry out the work required by the FO, or by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 5.6 The FO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers required by the Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1996 as amended.
- 5.7 The FO 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 a of a purely administrative matter.

6. BANKING ARRANGEMENTS AND CHEQUES

- 6.1 The Council's banking arrangements shall be made by the FO after approval by the Council. They shall be regularly reviewed for efficiency.
- 6.2 A schedule of the payments required, forming part of the Agenda for the Council Meeting, shall be prepared by the FO and, together with the relevant invoices, be presented to the 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.
- 6.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 6.2 or in accordance with paragraph 7.3 shall be signed by two members of Council and countersigned by the FO.
- 6.4 No open cheques are to be signed under any circumstances.
- 6.5 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. PAYMENTS OF ACCOUNTS

- 7.1 All payments shall be effected by cheque or other order drawn on the Council's bankers.
- 7.2 All invoices shall be checked for arithmetical accuracy by the Clerk, or an appropriate authorised deputy, and verified that the work, goods or services to which the invoices relate, have been received, carried out, examined and approved. All payments should be allocated to their respective expenditure heading in the Council Ledger, and the FO should take appropriate steps to arrange approval of payment of all invoices submitted, and which are in order, at the next appropriate Council meeting.

7.3 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 FO certifies that there is no dispute or other reason to delay payment, the Clerk may, in consultation with the Chairman and/or Vice Chairman (notwithstanding para 7.2) 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 Council.

7.4 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

8. PERSONNEL

8.1 Where appropriate, all employees of the Council will be appraised annually in January of each year, either directly by the Chairman and/or Vice Chairman, or by a delegated subordinate. If appropriate, targets will be set and assessed accordingly.

8.2 All remuneration levels shall be reviewed annually on the 1st April, by the Chairman and Vice Chairman, and approved increases formally authorised for payment, and notified in writing to individuals concerned, in accordance with previously agreed Council policy. If applicable, Cost of Living Increases shall be implemented separately at a later date following a negotiated settlement by the NALC, in accordance with agreed local policy.

8.3 The completion of the annual review, and where applicable, the implementation of cost of living increases, will be confirmed to the Council at the next appropriate meeting.

8.4 All employees shall be provided with a Contract of Employment, detailing their terms and conditions of employment with the Council. These are to include all appropriate details, not least those applying to remuneration levels, hours of work, holiday entitlement, notice periods, sickness absence policy and grievance procedures. These shall be reviewed periodically to ensure compliance with good practice and current Employment Law.

8.5 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.

8.6 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and, if appropriate, pension contributions, may be made in accordance with the payroll records and on the appropriate dates, provided that each payment is reported to and ratified by the appropriate Council meeting.

9. LOANS AND INVESTMENTS

9.1 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.

- 9.2 The Council's Investment Policy, shall be in accordance with the Trustee Act 2000, and shall be reviewed on a regular basis (at least annually).
- 9.3 All investments of money under the control of the Council shall be in the name of the Council.
- 9.4 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 purposes.
- 9.5 All investment certificates and other documents relating thereto shall be retained in the custody of the FO.

10. INCOME

- 10.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the FO.
- 10.2 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 FO and the FO shall be responsible for the collection of all accounts due to the Council.
- 10.3 All fees, rentals and charges made by the Council will be reviewed annually by the Finance Committee in February when finalising the budget proposals for the ensuing year.
- 10.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and, if appropriate, shall be written off in the year.
- 10.5 All payments received on behalf of the Council shall be banked intact as directed by the FO. In all cases, all monies shall be deposited with the Council's bankers with such frequency as the FO considered necessary.
- 10.6 The origin of each receipt shall be entered on the paying-in slip. All invoices and receipts should be reconciled before any payments are banked.
- 10.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 10.8 The FO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made as appropriate, on a regular basis, and not least, annually coinciding with the financial year end.
- 10.9 Where any significant sums of cash are regularly received by the Council, the FO 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 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 retained.
- 11.2 Order books shall be controlled by the FO, or if appropriate, an approved delegated nominee.
- 11.3 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(1).
- 11.4 The FO shall verify the lawful nature of any proposal purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the FO 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.

12. CONTRACTS

- 12.1 Procedures as to the 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/FO shall act after consultation with the Chairman and Vice-Chairman of Council),
 - (vi) 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 exceeding £500 in value for the supply of goods or materials 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.

- (c) When applications are made to waive financial regulations relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the 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 the 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 £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.
- (g) Any invitation to tender issued under this Standing Order shall contain a statement of the effect of Standing Order No's 54, 55 and 56.
- (h) When it is intended to enter a contract less than £1,000 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 obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £500 the Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 11.3 above shall apply.
- (i) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

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 FO 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 FO shall maintain a record of all such payments. In any case when it is estimated that the total cost or work carried out under a contract, excluding agreed variations, will exceed the contract sum by 5% or more a report shall be submitted to the Council.
- 13.3 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.

14. STORES AND EQUIPMENT

- 14.1 Where applicable, the person 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 or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 14.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 14.4 The FO shall be responsible for periodic checks of stocks and stores at least annually.

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 FO 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 Regulation 4(3)(b) of the Accounts and Audit Regulations 1996 as amended.
- 15.2 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 moveable property does not exceed £25.

16. INSURANCE

- 16.1 Following an annual risk assessment, the FO shall effect all insurances and negotiate all claims on the Council's insurers.
- 16.2 The Clerk shall give prompt notification to the Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 16.3 The FO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and review it annually.
- 16.4 The FO 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.
- 16.5 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.

17. CHARITIES

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

18. RISK MANAGEMENT

- 18.1 The Clerk shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 18.2 When considering any new activity the Clerk shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

19. REVISION OF FINANCIAL REGULATIONS

- 19.1 It shall be the duty of the Council to update these regulations on a regular basis, and to carry out a comprehensive review once every four years.