



Nantwich 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 Town Clerk to the Council shall be the Responsible Financial Officer (RFO) and under the policy discretion of the Finance Committee 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 reference is made in these Regulations to the Mayor then in cases of his/her non-availability the Deputy Mayor may act.

2 Annual Estimates

- 2.1 The Council shall before the end of December each year approve a Budget Preparation Timetable and arrangements to enable the Finance Committee to consider proposals in respect of revenue services and capital projects with a view to recommending to Council not later than its January meeting a Provisional Budget, Capital programme and Provisional Precept for the ensuing financial year.
- 2.2 The RFO shall prepare detailed estimates of income and expenditure on revenue services and receipts and payments on capital account and submit them to the Finance Committee.
- 2.3 The Finance Committee shall then review the estimates in the light of any comments or representations received following any public consultation. The Finance Committee shall then submit them to the Council by no later than the end of the 3rd week in January each year and shall recommend the Final Budget, Capital Programme, Appropriation of Balances and Precept for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates. The RFO shall be responsible for notifying the Borough Council as to the Town Council's Precept requirement.
- 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 on the revenue account may be incurred up to the amounts included in each approved service budget head. The inclusion of provision in the Council's budget shall be sufficient authority for the Clerk to incur expenditure in relation to the budgeted item.

This regulation shall not apply to the Council's trading account which will operate without the restriction of specific budget heads. The performance of the trading account will be monitored by the RFO with the aim of minimising the net operating cost over the year within the overall budget set by Council. Internal systems will be set up in the financial system to monitor the performance of each cost centre in the trading account.

- 3.2 No expenditure may be incurred which cannot be met from the appropriate service budget head without the approval of the Mayor of the Council. Any such approval shall then be reported to the next Council meeting with a view to the virement being endorsed.

When applied to the Council's trading account this regulation shall relate to the net operating cost of the facilities.

- 3.3 The RFO shall provide the Council at each ordinary meeting with a summary of receipts and payments and a statement of income and expenditure under each head of the approved revenue and capital budgets.
- 3.4 The RFO may, in consultation with the Mayor of the Council, 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 budgetary provision for the expenditure. The RFO shall report the action to the Council as soon as is 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 Council's approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Council.
- 3.6 Where provision is made in the revenue budget but expenditure not incurred for the particular item concerned, then provision for that item shall only be carried forward to the following year's budget with the agreement 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 capital programme and that the necessary capital 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 as required by the Accounts and Audit regulations 1996.
- 4.2 The RFO shall be responsible for completing the annual accounts of the Council as soon as is practicable after the end of the financial year and shall submit them and report thereon to the Finance Committee or full Council for scrutiny.
- 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 as far as is practical be separated from the duty of collecting or dispersing them.
 - (b) Anyone charged with the duty of examining, checking or certifying as correct for payment accounts rendered to the Council, shall not be engaged in the transaction to which the account relates or connected in any way with the person or organisation which has rendered the account.
- 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. Any employee or person having a contractual relationship with the Council or member of the Council shall if the RFO requires make available such documents or other information which relates to accounting 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 General

- 5.1.1 The Council's banking arrangements shall be made by the RFO and approved by the Council.
- 5.1.2 The RFO shall periodically report to the Council the amount of money in each of the Council's accounts.

5.2 The Council's Revenue Account

- 5.2.1 A current account shall be maintained at the bank, and arrangements made with the bank to ensure that the current account does not fall overdrawn.
- 5.2.2 A comparison with Budget sheet shall be prepared by the RFO and presented to each ordinary meeting of the Council. If the schedule is in order it shall be signed by the Mayor following Council.

This regulation shall not apply to the Council's trading account. For this account a report on the facilities trading position will be prepared and presented by the RFO to Finance Committee.

5.2.3 The Council may, with the prior approval of the Council, open and maintain accounts for revenue purposes attracting interest, but subject to instant withdrawal. Transfers to or from the deposit account other than to fund current account transactions are subject to the approval of the Council.

5.3 The Council's Capital Account

5.3.1 The Council will, with the prior approval of the Council, open and maintain Deposit accounts for Capital attracting interest. Transfers to or from the Capital Deposit accounts other than to one of the Council's other bank accounts, will be subject to approval of the Council.

5.3.2 The Council's capital monies shall be deposited in Council approved Capital Deposit accounts, and shall be utilised in accordance with the regulations applying to Capital Monies of Parish and Town Councils.

5.3.3 The Council may authorise that the interest accruing on the Capital Deposit account be transferred to the Council's Revenue Account and used as Revenue.

5.4 The Council's Repairs and Renewals Account and Holding Account

5.4.1 The Council may, with the prior approval of the Council, open and maintain a Repairs and Renewals account and a Holding Account attracting interest. Transfers to and from the Repairs and Renewals Account and Holding Account other than to one of the Council's other bank accounts will be subject to the prior approval of the Council.

5.5 The Council's Trading Account

5.5.1 A trading account shall be maintained at the bank for receipts and revenue expenditure (except for salaries) associated with the operation of Nantwich Civic Hall, Market Hall and other cost centres as necessary. Arrangements will be made by the RFO with the bank to ensure that the trading account does not fall overdrawn.

6 Payments of Accounts

6.1 Apart from petty cash payments, all payments shall be made by cheque drawn on the Council's bankers; Debit Card; Direct Debit; Standing Orders and bank transfers.

6.2 All invoices for payment shall be examined, verified and certified under the direction of the RFO. Before certifying an invoice the RFO or other delegated personnel, acting on behalf of the RFO, shall be satisfied that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.

6.3 After being satisfied that an invoice has been certified and is arithmetically correct the RFO or other delegated personnel acting on behalf of the RFO shall code it to

the appropriate expenditure head. The RFO shall also take all possible steps to settle accounts within 30 days of receipt and in cases where discount is offered for prompt payment, that payment is made by the date to qualify for such discount.

- 6.4 For the purpose of defraying minor operational expenses, the Clerk shall maintain petty cash floats. The following shall apply:-
- (a) The limit of the Petty Cash Floats shall be set by the RFO who shall report proposed changes to the Finance Committee.
 - (b) Vouchers for payments from petty cash shall be subject to the same verification procedure as other accounts for payment and shall be retained to substantiate reimbursement.
 - (c) Payments from petty cash shall not exceed £50 for any one item.
 - (d) Income received shall not be paid into the petty cash floats but must be separately banked, as provided elsewhere in these regulations.
- 6.5 The RFO shall be responsible for maintaining the appropriate records relating to VAT, submit returns by the due date and pay sums due to HM Customs and Excise or recover sums due to the Council.

7 Payment of Salaries and Wages

- 7.1 The RFO shall be responsible for maintaining the payroll records and for ensuring procedures and regulations relating to the deduction and accounting for Income Tax and National Insurance are complied with.

8 Loans and Investments

- 8.1 Investment of fund balances shall be made under the Local Government Act 1972 and the Trustee Investment Act 1961. Any investment of fund balances shall only be in an approved investment as defined in the Local Authorities (Approved Investments) Regulations 1990 or any equivalent regulations current from time to time.
- 8.2 All loans and investments shall be negotiated by the RFO in the name of the Council and subject to the approval of the Council. Changes to the conditions relating to such loans and investments shall be reported to the Council at the earliest opportunity.
- 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 affected in the name of the Council.
- 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 all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 9.2 Particulars of all changes to be made for work done, services rendered, facilities used or goods supplied shall be notified to the RFO and the RFO shall be responsible for the collection of all amounts due to the Council.
- 9.3 The Council will review all fees and charges at least annually, following a report from the RFO.
- 9.4 Any bad debts shall be reported to the Council. The Council's approval to writing off any debt must be obtained.
- 9.5 All sums received on behalf of the Council shall be paid to the RFO at the earliest opportunity. The RFO shall ensure that all sums received are banked within 3 working days following receipt.
- 9.6 The origin of each cheque banked shall be entered on the paying-in slip or summary sheet.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 Receipts to the trading account will be accepted by cash, cheque, debit card and credit card.

10 Orders for Work, Goods and Services.

- 10.1 Orders for work, goods and services shall normally be in writing and terms (including price, delivery date and specification) shall be clearly stated unless it would be clearly inappropriate or impractical (e.g., petty cash purchases, orders for food goods relating to the operation of the trading account). Copies of receipts and orders will be maintained in all cases including petty cash purchases.
- 10.2 All orders shall be issued by the RFO or by other delegated personnel acting on behalf of the RFO.
- 10.3 In cases where an agreed price is not quoted on an order an estimate of the cost shall be added on the copy order.
- 10.4 The RFO is responsible for obtaining, whenever possible, value for money. When issuing an order, the RFO shall ensure as far as is reasonable and practical that the best available terms are obtained in respect of each transaction.

11 Contracts

11.1 Every contract made by the Council shall comply with these regulations and no exception shall be made otherwise than by the direction of the Council provided that they shall not apply to contracts which relate to items (i) to (v) below:-

- (i) for the supply of gas, electricity, water, sewerage, waste disposal and telephone / broadband services;
- (ii) for specialist services such as provided by solicitors, accountants, auditors, surveyors, HR advisors, health and safety inspectors (testing and correction) 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 equipment, machinery 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.

11.2 The following shall apply, notwithstanding any other regulation:-

- (i) The RFO may authorise all day-to-day maintenance and running expenses for which there is budgetary provision and any expenses urgently required for purposes of maintaining health or safety.
- (ii) The RFO may authorise expenditure up to £200 without quotations provided best value can be demonstrated and comparative quotes obtained where practicable.
- (iii) The RFO may authorise expenditure between £201 and £3000 providing at least 2 quotations have been obtained.
- (iv) The RFO may authorise expenditure between £3001 and £10000 providing at least 3 quotations have been obtained.
- (v) The Mayor and RFO may authorise expenditure between £10001 and £20000 providing at least 3 quotations have been obtained and prior approval to procure has been authorised by Council.
- (vi) For expenditure above £20001 procurement will be through tendering.
- (vii) On the recommendation to Council of the RFO or a committee, Council may resolve that tenders be waived for reasons including urgency, good work by a contractor in the past, only one supplier and the need to maintain consistency (e.g., particular type of equipment).

- 11.3 When applications are made to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- 11.4 Every exception shall be reported to the Council and the report shall specify the emergency by which the exception shall have been justified.
- 11.5 Invitation to tender shall state the general nature of the intended contract and the RFO 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 RFO and the last time and date by which such tenders must reach the RFO to be considered. 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.
- 11.6 All sealed tenders shall be opened at the same time on the prescribed date by the RFO or authorised deputy in the presence of the Mayor of the Council or such other authorised member.
- 11.7 If less than 3 tenders are received for contracts valued over £20,001 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or executing the works.
- 11.8 Any invitation to tender issued under this standing order shall contain a statement of the effect of standing order nos. 49, 50, and 51.
- 11.9 The Council shall not be obliged to accept the lowest or any tender.

12 Payments Under Contracts 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 consultant 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 the work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the Council.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the RFO in writing and the Council or appropriate committee informed where the final cost is likely to exceed the financial provision.
- 12.4 In all contracts for the supply of goods or services conditions shall be imposed, as appropriate, to provide sanctions for breach or poor performance, including damages, withholding discounts or such other terms as will encourage prompt and proper performance by the contractor.

13 Stores and Equipment

- 13.1 The RFO shall be responsible for the safe care and custody of any stores or equipment under the Council's control.
- 13.2 Delivery notes must be obtained in respect of any goods received into store and goods must be checked as regards quality at the time delivery is made.
- 13.3 Stocks shall generally be maintained at the minimum level 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 RFO 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 regulation 4(3) of the Accounts and Audit Regulations Act 1996.
- 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 affect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The RFO shall give prompt notification to the Council's insurers of all new risks, properties, vehicles or equipment which require to be insured and of any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and annually review it.
- 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 as the Council may require.

16 Revision of Financial Regulations

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

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