

BUNGAY TOWN COUNCIL - FINANCIAL REGULATIONS

1. General

- 1.1 These financial regulations shall govern the conduct of the financial transactions of Bungay Town Council (the Council) and may only be amended or varied by resolution of the Council. Where appropriate, they are to be taken as replacing all financial orders referred to in the Standing Orders of the Council. A copy of these regulations shall be given to all members.
- 1.2 The Responsible Financial Officer (RFO) will be responsible for the proper administration of the Council's financial affairs.
- 1.3 The RFO shall be responsible for the production of the financial management information as hereafter required by these regulations.
- 1.4 The Clerk of the Council shall be the designated RFO for the purpose of these regulations.
- 1.5 The Council's financial year will commence on the 1st day of April and conclude on the 31st day of March.

2. Annual Estimates

- 2.1 The Finance and General Purposes Committee (F&GPC) will annually – normally in November - consider detailed estimates for the forthcoming financial year including where appropriate proposal for expenditure recommended by other committees of the Council.
- 2.2 Detailed estimates as at 2.1 above are to be prepared by the RFO, before the next financial year.
- 2.3 Recommendations of the F&GP in respect of the estimates will be considered by the full Council at their November meeting. The Council will set the precept for the ensuing year on the basis of the estimates as finally agreed and these shall form the basis of financial control for the ensuing year.

3. Budgetary Control

- 3.1 Except as specifically provided for in these regulations, no expenditure may be incurred on behalf of the Council other than pursuant to a decision of the Council.
- 3.2 Subject to 3.1 above, expenditure may be incurred up to amounts included in the agreed estimates for the year.
- 3.3 Subject to: 3.6 below, no expenditure under any head may be incurred which cannot be met from the amount provided in the estimates unless the Council, acting on a recommendation from the F&GPC, agrees a variation to the estimates.
- 3.4 The RFO shall monitor expenditure against the agreed estimates and advise the F&GPC so as to ensure compliance with 3.3 above.

- 3.5 The RFO shall provide the F&GPC with summary details of the Council's balances at each meeting of that Committee.
- 3.6 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 £5,000. The clerk shall report the action to the Council as soon as practicable thereafter.
- 3.7 The Clerk may incur or authorise expenditure on behalf of the Council in accordance with the following: -
- (i) For work of the grounds man in connection with routine maintenance of footpaths within the town where the labour charge is made but not in excess of £500
 - (ii) For routine maintenance of seats, playground equipment and other Council property where the labour charge is made but not in excess of £500
 - (iii) For the purchase of stationery and other office consumables up to an item value of £150. Where the Council is not invoiced directly in respect of expenditure under this sub section, the Clerk is to be reimbursed on production of invoice or other appropriate documentation save in respect of postage, telephone and fax charges where reimbursement will be made on the basis of schedules provided by the Clerk and retained for audit purposes.
 - (iv) The Clerk may authorise expenditure for training for both staff and members in accordance with the Council's training policy.
- 3.8 Where members incur expenditure on behalf of the Council pursuant to 3.1 above, they shall be reimbursed as follows:
- (i) Agreed official mileage undertaken in members' own vehicles shall be reimbursed by Council cheque at the prevailing Local Government casual users' rate subject to the production of a signed and dated claim showing purpose of the trip, miles travelled, rate per mile and total claimed, such claims to be retained by the RFO for audit purposes. Official journeys may only be undertaken by members in their own vehicles where appropriate insurance cover is held. Before undertaking any such journey, the member taking the journey must satisfy themselves on this account. The Council will not be liable for any part of any claim arising from travel in a member's vehicle on any official journey other than for reimbursement in accordance with this sub section.
 - (ii) Other expenditure will be reimbursed by Council cheque on production of a receipted invoice showing the goods or services purchased, cost and where appropriate, the full VAT registration number of the supplier. At all, goods and services should be obtained on the best possible terms, taking advantage of any discounts and concessions which may be available. Specifically, journeys by rail will be standard class and pre booked where practicable.

- 3.9 Pursuant to 3.1 above, the Council may delegate commissioning of specific expenditure to a committee of the Council up to a specified upper limit. Any limit must not be exceeded without the Council's prior approval.
- 3.10 Unspent provisions in the budget shall not be carried forward to a subsequent year, expenditure for that year being determined by the estimates as specified at 2.3 above.
- 3.11 All capital works shall be administered in accordance with the Council's 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 as amended.
- 4.2 The RFO shall be responsible for completing the annual accounts of the Council, these accounts to be submitted in draft form normally to the April meeting of the Council.
- 4.3 The following principles shall be observed in connection with accounting duties:
 - (i) The duty of providing information, calculating, checking and recording sums due to, or from, the Council will be the responsibility of the RFO, subject to 4.3(ii) below.
 - (ii) Where the RFO is charged with the receipt of cash on behalf of the Council, a responsible independent person nominated by the leader of the Council and approved by the full Council will verify the accounts relating to these transactions, having first made a review of all relevant records.
- 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 the Accounts and Audit Regulations 1996 as amended. 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. A single current account and instant access deposit account shall be maintained at banks approved by the Council. Other than transfers between these accounts, payments will be made only from the current account as detailed at 5.2 – 5.6 below. The council may maintain term deposit accounts as necessary.

- 5.2 All members may be authorised signatories of the Council bank account but at any one time the number of signatories shall be limited to 5 in number, 2 of whom will be the Mayor and Deputy Mayor.
- 5.3 The signatures of two members are required on each cheque drawn on the Council's bank accounts. Those members signing Council cheques will also, at the time of signing, initial the counterfoil of the cheque which will show details of the cheque drawn, check, initial and date the relevant invoice. The Mayor/ Chairman should also initial and date the bank statement.
- 5.4 Subject to 5.5 below, a schedule of the payment of money shall be prepared by the RFO and together with the relevant invoices etc presented to a properly convened meeting of the Council or its committees. If the schedule is in order, payments will be authorised by those members present and cheques duly signed by the Mayor and Deputy or, in their absence, any other 2 members being signatories to the account.
- 5.5 In cases of urgency or where the schedule of meetings of the Council does not allow for timely payments to be made, cheques may be signed by 2 members being authorised signatories, the procedure detailed in 5.3 and 5.4 above being followed as far as appropriate by the RFO and the 2 signatories. A report of payments so made should be made to the next full meeting of the Council.
- 5.6 The Council may authorise the payment of salaries by standing order drawn on the Council's current account, each order to be separately authorised and signed for as cheque payments as at 5.4 above, Any variation pursuant to a decision of the Council must be similarly signed,
- 5.7 The Clerk is authorised to instruct the bank to transfer funds between the current and all deposit accounts to maintain a working balance in the current account to meet authorised payments.

6. Payment of Accounts

- 6.1 All payments shall be effected by cheque or other order drawn on the Council's bankers in accordance with section 5 above.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk, who should also be satisfied as to the arithmetical accuracy and that the expenditure to which the invoice relates was duly authorised in accordance with these regulations. Before certifying an invoice the officer shall satisfy himself or herself 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 entered on the schedule referred to at 5.4 above and, where possible, payment made within 30 days of receipt.
- 6.4 VAT payments to HMRC are to be made by direct debit . The RFO is to report to the Council on payments to be made before the direct debit payment is taken.

7. Payment of Salaries and Wages

- 7.1 The payment of all salaries and wages shall be made by cheque, standing order or BACS in accordance with these regulations.
- 7.2 Casual wages shall be paid in accordance with the agreed hourly casual rate on the basis of time sheets certified as to the accuracy by the Clerk or Assistant

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, pursuant to a decision of the Council.
- 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 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 tendered 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 a report of the Clerk.
- 9.4 All bad debts shall be reported to the F&GPC – to determine appropriate course of action
- 9.5 All sums received on behalf of the Council shall be paid to the RFO for banking. In all cases all receipts of £25.00 or more shall be deposited with the Council's bankers within 14 days and lesser amounts within 28 days of receipt.
- 9.6 A reference to the related debt , or otherwise, indicating the origin of each cheque, shall be entered on the paying –in slip.

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: where reimbursement for the expenditure is subsequently to be sought. Copies of orders issued shall be retained.
- 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 officer issuing an official order is to ensure as far as is reasonable and practicable that the best available terms are obtained in respect of each transaction.

11. Contracts

11.1 Procedures as to contracts are laid down as follows:

- (i) Every contract whether made by the Council or by a committee to which the power for making decisions has been delegated 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 items (a) to (e) below:
 - (a) for the supply of gas, electricity water sewerage and telephone services.
 - (b) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants .
 - (c) 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
 - (d) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council
 - (e) for goods or materials proposed to be purchased which are proprietary articles and / or sold only at a fixed price.
- (ii) Where it is intended to enter into a contract:
 - (a) exceeding £2500 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 (i) the Clerk shall invite tenders for at least three firms .
 - (b) For expenditures of £2500 or less the Council shall accept any estimate at its discretion, subject to the discretion , subject to taking advice from the Clerk to accord with 10.3.
- (iii) When applications are made to waive these regulations relating to contracts to enable a tender to be negotiated without competition, the reason shall be embodied in a recommendation to the Council.
- (iv) 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.
- (v) 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 tenders 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. 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.
 - (vi) If less than three tenders are received for contracts valued above £2500 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.
 - (vii) 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 on the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract if appropriate.
- 12.2 Where a contract provides 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 the fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the Council or appropriate committee.
- 12.3 Any variation to a contract or addition to or emission from a contract must be approved by the Clerk in writing, the Council or appropriate committee being informed where the final cost is likely to exceed the financial provision.

13. Stores and Equipment

- 13.1 Stationery_stocks shall generally be maintained at the minimum levels consistent with operational requirements of the Council offices and officers
- 13.2 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 owed 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, rent payable and purpose for which held in accordance with regulation 4(3)(b) of the Accounts Audit regulations 1996 as amended.
- 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 keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.3 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim. The RFO will notify all claims promptly to the Council's insurers.
- 15.4 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 F&GPC 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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