



# BODMIN TOWN COUNCIL

## FINANCIAL REGULATIONS

### 1. General

- 1.1 These Financial Regulations shall govern the conduct of the financial management by the Council and may only be amended or varied by resolution of the Council. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of financial control, including arrangements for the management of risk and for the prevention and detection of fraud and corruption.
- 1.2 The Responsible Financial Officer (RFO) under the policy direction of the Finance, Staffing and General Purposes Committee (FS&GP Committee) shall be responsible for the proper administration of the Council's financial affairs, in accordance with proper practices as set out by CIPFA/LASAAC and NALC.
- 1.3 The RFO shall be responsible for the production of financial management information.
- 1.4 At least once a year, prior to approving the statement of accounts, the Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.

### 2. Annual Budget

- 2.1 Each Manager shall formulate suggestions for their department to be considered by each committee, which then shall formulate and submit proposals to the FS&GP Committee 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 shall be prepared each year by the RFO to comply with current legislation.
- 2.3 The FS&GP Committee shall review the budget and submit them to the Council not later than the third Thursday in January in each year and shall recommend the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved budget.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall consider the need for and shall have regard to a three year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual budget.

### 3. **Budgetary Control**

- 3.1 Expenditure on the revenue items may be incurred up to the amounts included in each approved budget. Large un-spent available amounts may be moved to other budget headings or to an earmarked reserve as appropriate by resolution of the Council.
- 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 approved by the FS&GP Committee or the Council. (*The Accounts & Audit Regulations define virement as the transfer of resources from one budget head to finance additional spending on another budget head*).
- 3.3 The RFO shall periodically provide the FS&GP Committee with a statement of income and expenditure to date under each head of the approved annual revenue and capital budgets. These statements are to be prepared at least at the end of each financial quarter.
- 3.4 The Town 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 £(figure to be agreed at Adjourned Annual Council Meeting). The Town Clerk shall report the action to the appropriate committee 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 that committee's approved budget, it shall be subject to the provisions of a supplementary estimate approved by the FS&GP Committee or the Council.
- 3.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital items unless the committees concerned are satisfied that it is contained in the rolling capital programme and that the necessary funds are available, or the requisite borrowing approval can be obtained.
- 3.7 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 in accordance with the Accounts and Audit Regulations.
- 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 FS&GP Committee. The Annual

Accounts for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.

- 4.3 The RFO shall ensure that there is adequate and effective systems of internal audit of the Councils accounting, financial and other operations in accordance with proper practices. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents as necessary for the purpose of the internal audit and shall supply such information and explanation.
- 4.4 The Internal Auditor shall be appointed by and shall carry out the work required by the Council in accordance with proper practices. The internal audit shall be competent and independent of the operations of the Council, shall report to Council in writing, or in person with at least one written report in respect of each financial year. In order to demonstrate objectivity and independence, the Internal Auditors shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the Council.
- 4.5 The following principles shall be observed, where practicable, 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.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.
- 4.7 The RFO shall, as soon as possible, bring to the attention of all Councillors any correspondence or report from the Internal or External Auditor, unless it is of a purely administrative matter.

## 5. **Payment of Accounts**

- 5.1 Apart from petty cash payments, all payments shall be effected by cheque, standing order, or direct debit, drawn on the Council's bankers.
- 5.2 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/herself that the work, goods or services to which the invoice relates, have been received, carried out, examined and approved.
- 5.3 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. S/he shall take all possible steps to settle all invoices submitted, and which are in order, within 30

days of their receipt or as agreed with the supplier in accordance with the Late Payment of Commercial Debts (Interest) Act 1998. In order that a Schedule of Monthly Accounts can be drawn up, this will normally be within the calendar month following the month of invoice.

- 5.4 When the RFO is satisfied that invoices are in order to then pass them to the Town Clerk, for final certification in the box provided.
- 5.5 All duly certified invoices will then be entered on the schedule referred to in 6.1 below.
- 5.6 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Officers on leaving employment must repay any petty cash held. 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 a limit agreed by the Council and reviewed annually 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.
- 5.7 If thought appropriate by the Council, payment for utility supplies may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to Council as made. The approval of the use of variable Direct Debit shall be renewed by resolution of the Council at least every two years.

## **6. Banking Arrangements and Cheques**

- 6.1 The Council's banking arrangements, including the bank mandate shall be made by the RFO and approved by Council. They shall be regularly reviewed for efficiency.
- 6.2 A schedule of the payment of accounts, forming part of the Agenda for the meeting, including items paid out of committee, shall be prepared by the RFO and together with the relevant invoices etc presented to the Council. If the schedule is in order it shall be authorised by a resolution of the Council and cheques signed by two Councillors and the Town Clerk or RFO,
- 6.3 Cheques and autopay sheets drawn on the appropriate Bodmin Town Council bank accounts in accordance with the schedule referred to in the previous paragraph shall be signed by two Councillors and countersigned by one of the following officers - the Town Clerk or RFO.
- 6.4 Transfer of money between bank accounts within the same bank, to maximise interest, can only be authorised by the Town Clerk or RFO.

## **7. Payment of Salaries and Wages**

- 7.1 As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance Legislation. The payment of all salaries and wages shall be made by the RFO from the bank account in accordance with the payroll records.
- 7.2 All time sheets shall be certified as to accuracy by or on behalf of the Town Clerk.
- 7.3 Travel Expenses - All travel to Plymouth, Exeter and within Cornwall may be by car at the appropriate NJC rate. Outside of this area, in the interest of Best Value, a standard rate rail travel should be used where feasible, or in cases where car travel is used standard rate rail fare (plus taxi fees to and from station as appropriate) would be paid. Where appropriate the pool car can also be used by Council employees. All claims for payment of car allowances, travelling and other expenses to staff shall be submitted to the RFO and authorised in a form approved by the FS&GP committee, made up to specified day of each month, within seven days of the month end. Authorisation must be by an approved Manager.

Time Off In Lieu (TOIL) – TOIL as approved by departmental line managers must only be taken in accordance with the Councils approved guidelines.

## **8. Loans and Investments**

- 8.1 The Council has an Investment Strategy in line with current best practice, and Within the Loans and Investment - all investments will be in line with the CIPFA Code of Conduct. All loans and investments shall be negotiated by the Town Clerk with the assistance of the RFO, in the name of the Council, and shall be for a set period of time in accordance with Council policy. This Strategy shall be reviewed at least annually. Changes to loans and investments should be reported to the FS&GP 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. (see item 6.4 above).
- 8.3 All borrowings shall and operations leases shall be effected in the name of the Council. All such agreements be authorised by the FS&GP Committee and documents signed by the Town Clerk or RFO (as appropriate) as Proper Officer.
- 8.4 All investment certificates and other documents relating thereto shall be retained in the custody of the Town Clerk or 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 Town Clerk 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 from the Town Clerk.
- 9.4 Bad debts – Bad debts shall only be written off following application of the Credit Management Guidelines. Debts below the de-minimis level set by the Council at the Adjourned Annual Council Meeting may be written off by the RFO. Debts above this limit may only be written off following approval by the FS&GP Committee. Any sums found to be irrecoverable and any bad debts be reported to the Council and shall be written off in the year.
- 9.5 All sums received on behalf of the Council, including payments by credit cards, 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.
- 9.9 The RFO shall promptly complete any VAT return that is required. Any repayment claim due in accordance with the VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 9.10 The RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when cash is counted, and that there is reconciliation to some form of control such as ticket issues, and that the appropriate care is taken in the security and safety of individuals banking such cash.

## 10. **Orders for Work, Goods and Services**

- 10.1 An official order or letter shall be issued by authorised Officers only, 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. All Contractors should be on the approved list of contractors or have a CIS card. 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 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.
- 10.4 The Town Clerk shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchase or payments, the RFO or Town Clerk 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.

## 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 by 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) 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 expenditures of £(figure to be agreed at Adjourned Annual Council Meeting) or less in value the Town Clerk or the duly authorised deputy shall have executive power.
  - ii) exceeding £(figure to be agreed at Adjourned Annual Council Meeting) 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 Town Clerk shall invite quotations from at least three firms, such firms to be taken from the appropriate approved list as retained by Cornwall County Council and District Councils in Cornwall.
  - iii) Expenditure greater than £(figure to be agreed at Adjourned Annual Council Meeting) must be subject to formal written tender process.
  - iv) Where contracts exceed European Commission Procurement Thresholds tenders need to comply with European legislation
- 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 Town 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 Town Clerk and the last date by which such tenders should reach the Town 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 tenders when received shall be endorsed with date and time of receipt. No fax or e-mail will be accepted.
- f) All sealed tenders shall be opened at the same time on the prescribed date by the Town 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 £(figure to be agreed at Adjourned Annual Council Meeting) or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods for materials

or executing the works.

- h) Any invitation to formal written tender issued under Financial Regulation 11 b) iii) shall contain a statement summarising paragraphs 11 e), g), i) and j).
- i) The Council shall not be obliged to accept the lowest or any tender but should lead to principles of Best Value which should be taken into account at all times.
- j) Late Tendering - Any tenders received after the specified time shall be returned promptly to the tenderer by the Town Clerk with a suitable covering letter. The tender may be opened to ascertain the name of the tenderer but no details of the tender shall be disclosed.
- k) Errors and Discrepancies in Tenders - Where examination of tenders reveals errors or discrepancies which would affect the tender figure in an otherwise successful tender, the tenderer is to be given details of such errors and discrepancies and afforded an opportunity of confirming or withdrawing his offer. If the tenderer withdraws, the next tenderer in competitive order is to be examined and dealt with in the same way. Any exception to this procedure may be authorised only by, or on behalf of, the Sub-Committee or Committee concerned after consideration of a report by the Town Clerk or authorised Deputy.
- l) Performance Bonds - Where a contract is estimated to exceed £(figure to be agreed at Adjourned Annual Council Meeting) in value or amount and is for the execution of works (or for the supply of goods or materials by a particular date or series of dates) the Town Clerk shall consider whether the Council should require security for its due performance and shall either certify that no such security is necessary or, in consultation with appropriate officers, shall specify in the conditions of tender the nature and amount of the security to be given. In the latter event, the Council shall require and take a bond or other sufficient security for the due performance of the contract.

## **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 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 the contract sum by 5% or more a report shall be submitted to the appropriate committee.

12.3 Any variation to a contract or addition to or omission from a contract

must be approved by the Town Clerk in writing, as instructed by the appropriate committee 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 to quality and/or quantities at the time delivery is made and signed as received on the delivery note which is passed into the office.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The Departmental Managers shall be responsible for arranging an annual check of all stocks and stores and inventory.

**14. Properties and Estates**

- 14.1 The Town 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 Accounts and Audit Regulations.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council.
- 14.3 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.

**15. Insurance**

- 15.1 The Town Clerk in consultation with the RFO shall effect all insurances and negotiate all claims on the Council's insurers. Such insurance shall be subject to competitive quotations every 5 years in line with the special discount negotiated for long term agreements.
- 15.2 The Town Clerk shall in co-operation with the RFO take prompt action to ensure all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The Town Clerk and the RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and review the scope and extent of the cover annually at renewal time.
- 15.4 The Town Clerk and RFO 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.

15.5 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.

15.6 Security – Each employee is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash and all property belonging to the Council under their control. Keys to safes and similar receptacles are to be carried on the person of those responsible at all times, any loss of such keys must be reported to the Town Clerk or RFO immediately.

## **16 Risk Management**

16.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk with the RFO shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.

16.2 When considering any new activity, the Clerk with the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## **17. Revision of Financial Regulations**

17.1 It shall be the duty of the FS&GP Committee to review the Financial Regulations of the Council from time to time. Monetary values will be assigned to the various regulations detailed above at the Adjourned Annual Council Meeting.

17.2 The Town Clerk and RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these Financial Regulations.