



WISBECH TOWN COUNCIL FINANCIAL REGULATIONS

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These Financial Regulations were adopted by the Council at its meeting on 29 March 2016.

1. GENERAL

- 1.1. These financial regulations govern the conduct of financial management by the council and may only be amended or varied by resolution of the council. Financial regulations must be observed in conjunction with the council's standing orders and any individual financial regulations relating to contracts.
- 1.2. 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 internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
- 1.3. The council's accounting control systems must include measures:
 - for the timely production of accounts;
 - that provide for the safe and efficient safeguarding of public money;
 - to prevent and detect inaccuracy and fraud; and
 - identifying the duties of officers.
- 1.4. These financial regulations demonstrate how the council meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Return, the council must review the effectiveness of its system of internal control to ensure that it accords with proper practices.
- 1.6. Members of Wisbech Town Council are expected to follow the instructions within these regulations and not to entice employees to breach them. Failure to follow instructions within these regulations brings the office of Councillor into disrepute.
- 1.7. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. The Clerk has been appointed as RFO for this council and these regulations will apply accordingly.
- 1.8. The RFO:
 - acts under the policy direction of the council;
 - administers the council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines on behalf of the council its accounting records and accounting control systems;

- ensures that the accounting control systems are observed;
 - maintains the accounting records of the council up to date in accordance with proper practices;
 - assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
 - produces financial management information as required by the council.
- 1.9. The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the council from time to time comply with the Accounts and Audit Regulations.
- 1.10. The accounting records determined by the RFO shall in particular contain:
- entries from day-to-day of all sums of money received and expended by the council and the matters to which the income and expenditure account relate;
 - a record of the assets and liabilities of the council; and
 - wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.11. The accounting control systems determined by the RFO shall include:
- procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
 - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
 - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
 - procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and
 - measures to ensure that risk is managed properly.
- 1.12. The council is not empowered by these regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:
- setting the final budget or the precept;
 - approving accounting statements;

- approving an annual governance statement;
- borrowing;
- writing-off bad debts;
- declaring eligibility for the General Power of Competence; and
- addressing recommendations in any report from the internal or external auditors,

shall be a matter for the full council only.

- 1.13. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

The term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils – a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

- 2.1. All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 2.2. The RFO shall be responsible for completion of the annual financial statements of accounts, annual report, and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and, having certified the accounts, shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.
- 2.3. The RFO shall be responsible for ensuring that there are adequate and effective systems of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.
- 2.4. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices. Appointment of the council's internal auditor shall be made, upon recommendation by the RFO, by the relevant committee of the council.

- 2.5. The internal auditor shall:
- be competent and independent of the financial operations of the council;
 - report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
 - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - have no involvement in the financial decision making, management or control of the council.
- 2.6. Internal or external auditors may not under any circumstances:
- perform any operational duties for the council;
 - initiate or approve accounting transactions; or
 - direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.7. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 2.8. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.9. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

- 3.1. The RFO must each year, by no later than December, prepare detailed estimates of all income and expenditure, including the use of reserves and all sources of funding, for the following financial year in the form of a budget to be considered by the relevant committee and the council.
- 3.2. The council shall, having considered annual budget proposals, fix the precept and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.

- 3.3. The approved annual budget shall form the basis of financial control for the ensuing year.

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 4.1. Expenditure on revenue items may be incurred up to the amounts included within the budget headings in the council's approved budget.
- 4.2. No expenditure may be authorised that would exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council or duly delegated committee. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').
- 4.3. The RFO may incur expenditure, in consultation with two of the council's cheque signatories, in relation to repair or maintenance works within budgetary limits or for urgent or emergency works where sufficient funds are available within the council's reserves, whether or not there is a budgetary provision for the expenditure, subject to a limit of £1,500. The RFO shall report the action to the relevant committee as soon as practicable thereafter.
- 4.4. For urgent or emergency works or any other expenditure of more than £1,500, the RFO must obtain the approval of the relevant committee and shall be subject to available funds within the general reserve or appropriate ear-marked reserve.
- 4.5. No expenditure shall be authorised 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 and the requisite borrowing approval, if necessary, has been obtained.
- 4.6. All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.
- 4.7. The RFO shall provide regularly to the relevant committee a statement of income and expenditure to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose "material" shall be in excess of 15% of the budget head.
- 4.8. Changes in earmarked reserves shall be approved as part of the council's budgetary control process.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 5.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council; banking arrangements may not be delegated to a committee. They shall be reviewed regularly for safety and efficiency.
- 5.2. The RFO shall prepare a schedule of payments, which, together with the associated invoices shall be available at all times for scrutiny by councillors.
- 5.3. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure approved by the council.
- 5.4. Cheques drawn on the council's bank account in accordance with the schedule mentioned at 5.2 above shall be signed by any two of the authorised signatories. These are the Mayor and Deputy Mayor, the Leader of the Council and the Chairman of the Resources Committee.
- 5.5. 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.
- 5.6. In respect of grants, a duly authorised committee shall approve expenditure within any limits set by council and in accordance with any policy approved by council.
- 5.7. Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the code and standing orders when a decision to authorise or instruct payment is made in respect of a matter in which the councillor has a disclosable pecuniary or other interest, unless a dispensation has been granted.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

- 6.1. The council will make safe and efficient arrangements for making its payments.
- 6.2. Following authorisation under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the RFO shall give instruction that a payment shall be made.
- 6.3. If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates 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.
- 6.4. If thought appropriate by the council, payment for certain items (principally salaries) may be made by Banker's Standing Order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to the relevant committee of the council.

- 6.5. If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 6.6. If thought appropriate by the council, payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.7. No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council or a duly delegated committee.
- 6.8. Regular back-up copies of the records on any computer shall be made and stored securely away from the computer in question, and preferably off site.
- 6.9. The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.10. Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The Bank Mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.
- 6.11. Any debit card issued for use will be specifically restricted to the RFO and will also be restricted to a single transaction maximum value of £500 unless authorised by council or the relevant committee in writing before any order is placed.
- 6.12. A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the relevant committee of the council. Transactions and purchases made will be reported to that committee and authority for topping-up shall be at the discretion of the committee.
- 6.13. Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the RFO and shall be subject to automatic payment in full at each month-end.
- 6.14. 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 small petty cash float of £150 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 payments presented to council under 5.2 above.

7. PAYMENT OF SALARIES

- 7.1. As an employer, the council shall make arrangements to fully meet the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by council, or duly delegated committee, with National Terms and Conditions for Local Government and contracts of employment.
- 7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for Income Tax, National Insurance and pension contributions, or similar statutory or discretionary deductions, must be made in accordance with the payroll records and on the dates agreed with the council's payroll service provider.

8. LOANS AND INVESTMENTS

- 8.1. 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 purpose. The application for borrowing approval, and subsequent arrangements for the loan shall only be approved by the council.
- 8.2. All loans and investments shall be negotiated in the name of the council and shall be for a set period in accordance with the approval of council.
- 8.3. The council shall consider the need for an Investment Strategy and Policy which, if produced, shall be in accordance with relevant regulations, proper practices and guidance. Any strategy and policy shall be reviewed regularly by the RFO and the council approval sought for any variances.
- 8.4. All investments of money under the control of the council shall be 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 or the council's solicitors.

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 reviewed regularly by the RFO and approval of the council sought for any variances or shortfalls.
- 9.3. Any sums found to be irrecoverable and any bad debts shall be reported to the council and written-off, where possible, during the relevant financial year.
- 9.4. All sums received on behalf of the council shall be banked intact 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 (usually daily).
- 9.5. The origin of each receipt shall be entered on the paying-in slip.
- 9.6. Personal cheques shall not be cashed out of money held on behalf of the council.
- 9.7. The RFO shall ensure the prompt completion of any VAT Return that is required. Any re-payment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 9.8. Where any significant sums of cash are received regularly by the council, the RFO 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.

10. ORDERS FOR WORK, GOODS AND SERVICES

- 10.1. An official order, letter or e-mail shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 10.2. Order books shall be controlled by the RFO.
- 10.3. All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall 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) below.
- 10.4. The RFO shall ensure the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO 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 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 this regulation need 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 £500 (in excess of this sum the RFO shall act after consultation with two of the council's cheque signatories); and
 - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- b. Where it is intended to enter into a contract exceeding £25,000 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 invite tenders from at least three firms.
- c. When applications are made to waive financial regulations relating to contracts to enable a price 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 that contract.
- e. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of two of the council's cheque signatories.

- f. If fewer than three tenders are received for contracts above £25,000 or if all the tenders are identical, the Clerk and the two cheque signatories may make such arrangements as they think fit for procuring the goods or materials or executing the works and subsequently report their decision to the relevant committee of the council.
- g. Any invitation to tender issued under this regulation shall be subject to Standing Order 76 and shall refer to the terms of the Bribery Act 2010.
- h. When it is to enter into a contract of less than £25,000 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/RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £10,000 and above £500 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
- i. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- j. The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

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 (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2. Where contracts provide for payment by instalments, the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 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 council and Clerk to the contractor in writing, the council being informed where the final cost is likely to exceed the financial provision by more than 5%.

13. STORES AND EQUIPMENT

- 13.1. The council's Operations Manager shall be responsible for the care and custody of the council's stores and equipment.
- 13.2. Delivery notes shall 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.
- 13.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4. The RFO shall be responsible for periodic checks of stocks and stores at least annually.

14. ASSETS, PROPERTIES AND ESTATES

- 14.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the council. The Clerk shall ensure a record is maintained of all properties held 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, together with any other consents required by law, except for where the estimated value of any one tangible movable property does not exceed £300.
- 14.3. No real property (interests in land) shall be purchased or acquired without the authority of the full council.
- 14.4. 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 regularly.

15. INSURANCE

- 15.1. Following the annual risk assessment (per Financial Regulation 16), 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 review it annually.

- 15.3. The 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 the next available meeting of the relevant committee.
- 15.4. All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance, which shall cover the maximum risk exposure as determined by the council or duly delegated committee.

16. RISK MANAGEMENT

- 16.1. The council is responsible for putting in place arrangements for the management of risk.
- 16.2. When considering any new activity, the RFO shall prepare a draft risk assessment, including risk management proposals for consideration and adoption by the council.

17. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 17.1. It shall be the duty of the council to review the financial regulations of the council from time to time. The Clerk/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.
- 17.2. The council may, by resolution of the council duly notified prior to the relevant meeting of council, suspend any part of these financial regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of council.