

DEREHAM TOWN COUNCIL

ACCOUNTS AND AUDIT REGULATIONS 2012

FINANCIAL STANDING ORDERS AND 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. 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 which facilitates the effective exercise of the council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the council meets these responsibilities.
- 1.2 The Clerk of the Council has been appointed as the responsible financial officer (RFO) for Dereham Town Council and these regulations will apply accordingly. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the council are maintained and kept up to date in accordance with proper practices.
- 1.3 The RFO shall produce financial management information as required by the council.
- 1.4 At least once a year, prior to approving the annual return, the council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.5 In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.
- 1.6 In these financial regulations, the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability in local Councils in England and Wales - a Practitioners' Guide which is published jointly by the National Association of Local Councils and the Society of Local Council Clerks and updated from time to time.

2. ANNUAL ESTIMATES (BUDGET)

- 2.1 The council and its committees shall formulate proposals in respect of revenue services and capital projects, including the use of reserves and sources of funding for the following financial year not later than the end of November each year.
- 2.2 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by council.
- 2.3 The council shall review the budget not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 2.4 The annual budgets shall form the basis of the 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 approved revenue account may be incurred up to the amounts included in the approved budget of the council.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate service revenue budget unless a virement has been approved by the council. 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.
- 3.3 The RFO shall regularly provide the council with a statement of receipts and payments to date under each head of the revenue and capital budgets, comparing actual receipt and payments against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter.
- 3.4 The Clerk of the Council may incur expenditure on behalf of the council which is necessary to carry out any repair, replacement or other work which is of such urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £2,000. The Clerk to have authority to incur expenditure of between £2,000 and £5,000 in consultation with the Chairman of Finance (or any member of the Finance Committee if the Chairman is unavailable) and Mayor (or any other Councillor if the Mayor is

unavailable). The Clerk of the Council shall report the action to the council 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 the approved service revenue budget, it shall be funded from the council's general reserves.
- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless by resolution 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 capital expenditure unless the council is satisfied that it is contained in the rolling 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 2003 (and subsequent amendments).
- 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 council before the end of June in that year.
- 4.3 The following principles shall be observed in connection with the separation of accounting duties:
 - a. The duty of providing financial information to the council and checking the recording of sums due to or from the council shall be separated, as far as practicably possible, from the duty of invoicing and banking such sum.
 - b. The RFO or such other designated officer charged with the duty of examining and checking the accounts of cash transactions shall not, as far as practicably possible, be engaged in any of those transactions.
- 4.4 The RFO shall be responsible for maintaining an effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 6 of the Accounts and Audit Regulations 2003 (and subsequent amendments). Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which relate to their accounting and other records as appear to the RFO or Internal Auditor to be necessary for the purpose of the audit and shall supply the RFO with such

information and explanation as the RFO or Internal Auditor considers necessary for that purpose.

- 4.5 The RFO shall be responsible for completing the accounts of the council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and for submitting the Annual Return for approval and authorisation by the council within the timescales set by the Accounts and Audit Regulations.
- 4.6 The Internal Auditor shall be appointed by and shall carry out the work required by the council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council, in writing, or in person on a regular basis with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and independence, the Internal Auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the council.
- 4.7 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 Account and Audit Regulations.
- 4.8 The RFO shall, as soon as practicable, bring to the attention of all councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

5. BANKING ARRANGEMENTS AND CHEQUES

- 5.1 The council's banking arrangements shall be made by the RFO and approved by the council. The banking arrangements shall be reviewed regularly for efficiency.
- 5.2 A schedule of the payment of money shall be prepared by the RFO and together with the relevant invoices, presented to the council. If the schedule is in order it shall be authorised by a resolution of the council and signed by the Mayor or Deputy Mayor or in their absence, any one or two such other members authorised by the council to sign and the Clerk of the Council.
- 5.3 Cheques drawn on the council's bank account corresponding with the value of invoices listed in the schedule referred to in the previous paragraph shall be signed by two members of the Council.
- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation to be paid, the signatories shall each sign the cheque, counterfoil and invoice or similar documentation.

6 PAYMENT OF ACCOUNTS

- 6.1 Apart from petty cash payments and charge card payments, all payments shall be effected by cheque or other order drawn on the council's bankers.

WITH REGARD TO ALL CHARGE CARD PAYMENTS

- The Clerk is the only authorised user of any charge card
- The monthly expenditure limit will be £2,500
- All other financial regulations regarding expenditure will apply to expenditure on the charge card
- The account will be reconciled each month against invoices and/or receipts

The monthly statement for the charge card be attached to the list of accounts to be paid

- 6.2 All invoices for payment shall be examined, verified and certified by the officer issuing the order. Before certifying an invoice the appropriate officer shall be satisfied that the work, goods or services to which the invoice relates has been received, carried out, examined and approved.
- 6.3 Duly certified invoices shall be passed to the Administrative Officer or other designated Officer of the council who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head. All possible steps shall be taken to settle all invoices submitted and which are in order, within 30 days of their receipt.
- 6.4 When the RFO is satisfied that invoices are in order, they shall be passed for payment.
- 6.5 All duly certified invoices, which have been passed for payment by the RFO, will then be entered on the schedule referred to in 5.2 above.
- 6.6 The RFO may provide petty cash to officers for the purpose of defraying specific operational and other expenses.
- (a) The RFO shall maintain a petty cash account together with a cash float to a limit approved by the council 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 and reimburse the petty cash float to the limit agreed by the F&R Committee shall be shown separately on the schedule for the payment of money presented to the Council. In addition the RFO will submit a detailed schedule of all petty cash payments to the council for the half yearly periods ended 30th September and 31st March within two months of the end of each half-yearly period.

6.7 If a payment is necessary to avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1998 and the due date for payment is before the next scheduled meeting of the Council, where the Clerk certifies there is no dispute etc. he/she shall pass them for payment.

6.8 The RFO shall have delegated powers to pay regular utilities invoices if payment is due before the next scheduled meeting of the Council, provided that a list of such payments shall be submitted to the next appropriate meeting of the Council.

7. PAYMENT OF WAGES AND SALARIES

7.1 The payment of all salaries shall be made by the RFO from the wages and salaries account in accordance with the payroll records.

7.2 All time sheets shall be certified as to accuracy by or on behalf of the Clerk of the Council.

7.3 The wages account shall not be overdrawn at the bank. Transfers to fund it shall be made from the council's general account and shall be shown separately on the schedule of the payment of money presented to the Council (under 5.2 above)

7.4 The payment of all wages and salaries and such other employers costs, payments and contributions in accordance with the payroll records shall, when ever practical and cost effective, be made by electronic transfer funds from the wages and salaries account.

7.5 Cheques drawn on the wages and petty cash account shall be signed by two Councillors.

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 in accordance with Council policy. Changes to loans and investments shall be reported to the council at the earliest opportunity.

8.2 All investments of the money under the control of the Council shall be in the name of the Council. The council's investment policy shall be in accordance with the Local Government Act 2003 and such guidance as may, from time to time, be

issued by the Audit Commission and shall be kept under regular review by the RFO reporting annually to the Council.

- 8.3 All borrowings shall be effected in the name of the Council, after obtaining the necessary borrowing approval. Any application for borrowing approval shall be approved by the Council as to terms and purpose. Unless otherwise specified by the council on the advice of the RFO all borrowing for which borrowing approval is necessary shall be effected through and with the Public Works Loan Board.

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 agreed annually by the Council, 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 of the Council.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5 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.
- 9.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be either entered on the paying-in slip or otherwise separately identified.
- 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 Where any significant sums of cash greater than £250 are regularly received 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 of some form of control such as ticket issues, and that appropriate care is taken in the security and safety of the individuals banking such cash.

10. **ORDERS FOR WORK, GOODS AND SERVICES**

- 10.1 Wherever practicable and necessary in the opinion of the RFO, 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. petty cash purchases.

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 RFO shall verify the lawful nature of any proposed purchase before the issue of any order

11. **CONTRACTS**

11.1 Procedures as to 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 (vi) below:
 - (i) for the supply of gas, electricity, water, sewerage, waste collection 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 at a fixed price.
- (b) Where it is intended to enter into a contract:
 - (i) exceeding £75000 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 of the Council shall invite tenders from at least three firms to be taken from the appropriate approved list held either by the Council or any agent or advisor appointed by the Council.

Where the value of a contract is likely to exceed £138,893 (or other threshold specified by the Office of Government Commerce from time to time) the Council must consider whether the Public Contracts Regulations 2006 (SI No.5, as amended) and the Utilities Contracts Regulations 2006 (SI No. 6, as amended) apply to the contract and, if either of those Regulations apply, the Council must comply with EU procurement rules.

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.

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 the tenders for that contract.

All tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of the Council unless agents or advisors have been instructed to act on behalf of the Council, in which case their tendering procedure will be adopted.

If less than three tenders are received for contracts above £75000 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.

- (ii) exceeding £10,000 but not exceeding £75,000 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 of the Council shall invite tenders from at least three firms to be taken from the appropriate approved list held either by the Council any agent or advisor appointed by the Council.

- (iii) for expenditure more than £2,000 but less than £10,000 and within the approved budget, the Mayor or Deputy Mayor or chairman of relevant committee together with the Clerk of the Council shall have executive power, provided at least two quotes have been obtained.
 - (iv) for expenditure up to £2,000 and within the approved budget of the council the Clerk of the Council shall have executive power, but is to report as soon as practicable to the chairman of finance.
- (h) The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- (i) Commercial confidentiality.
In line with the Local Government Transparency Code 2014, contract details should not be considered commercially sensitive and will be published in accordance with the code

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 fluctuation clauses or agreed variations, 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 omission from a contract must be approved by the Clerk of the Council 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 The officer in charge of supplies and equipment provided by and the property of the council shall be responsible for the care and custody of such equipment.
- 13.2 Delivery notes must be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as regards to order and quality at the time delivery is made.

13.3 Stocks shall generally be maintained 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. PROPERTIES AND ESTATES

14.1 The Clerk of the Council shall make appropriate arrangements for the custody of all title deeds of properties owned by the council. He/she shall also 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 the Accounts and Audit Regulations 2003 (and subsequent amendments) and proper guidance.

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, save where the estimated value of any one item does not exceed £1000.

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 Following the annual risk assessment (per Financial Regulations 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 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, and shall report these to Council at the next available meeting.

15.4 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.

16. COMPUTERISED ACCOUNTS

16.1 Computerised accounts are backed up daily on site via a tape which is stored off site at night. Computerised accounts are also backed up off site by the Computer Service Centre, the Council's IT support service provider.

17. CHARITIES

17.1 Where the Council is sole trustee of a charitable body the Clerk shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports are made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Clerk shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

18. RISK MANAGEMENT

18.1 The council is responsible for putting in place arrangements for the management of risk. The Clerk of the Council 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.

18.2 When considering any new activity the Clerk shall prepare a draft Risk assessment including risk management proposals for consideration and adoption by the council.

19. REVISION OF FINANCIAL REGULATIONS

19.1 It shall be the duty of the council to review the Financial Regulations of the Council from time to time. The Clerk of the Council shall make arrangements to monitor changes in legislation or proper practices and shall advise the council of any requirements for a consequential amendment to these financial regulations.

20. LARGE GRANTS

20.1 For any grants over £500, the Council must give greater scrutiny than for grants below this threshold. For Grants over £500 they must demonstrate and the Council must be satisfied that:

- 1) The funds will be used for the intended purpose.
- 2) The organisation is well run and financially secure.
- 3) The organisation has a clear and coherent business plan to deliver the project; and the benefit to the people of Dereham is commensurate with the level of grant;

These are all judgements and for each one, the Council can ask for whatever evidence it deems necessary, in order to satisfy the above.

Appendix

The Finance & Governance Committee recommended that the following be the Council's investment Strategy.

Financial Investment Strategy.

This Strategy aims to meet the requirements of section 15(1) of the Local Government Act 2003.

Purpose of investments.

To invest an appropriate proportion of the Council's reserves to obtain a higher level of income than could be obtained through bank deposit account and provide long term capital appreciation, with low risk.

The Town Council currently only invests in the CCLA Local Authority Property Fund. The fund is a low risk investment designed for local authorities to provide a secure investment with reasonable returns and exposes investments to the level of risk appropriate for local authorities investing public funds.

Reporting.

At the end of each financial year the fund's performance is reported to the Council. The performance report is available to the public, upon request, free of charge and will be published on the Council's web-site along with other end of year documents.

Review.

This Strategy will be reviewed annually and prior to any new investment being considered.

Reviewed by the Finance Committee March 2018

These Regulations are to be reviewed annually.