



# **WOODSTOCK TOWN COUNCIL**

## **FINANCIAL REGULATIONS**

**(based on the NALC Revised Model Financial  
Regulations issued January 2016)**

Draft Revision March 2019 by the Town Clerk  
Approved by Woodstock Town Council on 14<sup>th</sup> May 2019

# WOODSTOCK TOWN COUNCIL

## FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its Meeting held on Tuesday 14<sup>th</sup> May 2019.

### 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 are one of the council's three governing policy documents providing procedural guidance for members and officers. 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 Governance Statement, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 1.7. Members of Council are expected to follow the instructions within these Regulations and not to induce employees to breach them. Failure to follow instructions within these Regulations may bring the office of councillor into disrepute.
- 1.8. The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the council.

The council may appoint one person as town clerk and RFO or make separate appointments to each office.

- 1.9. 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;
  - supervises on behalf of the council its accounting records and accounting control systems;
  - ensures 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
- 1.10. The RFO shall produce financial management information as required by the council. These 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, records of receipts and payments, additional information as the case may be and management information prepared for the council from time to time comply with the Accounts and Audit Regulations.
- 1.11. The accounting records of the Council 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 or receipts and payments 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.
- 1.12. The accounting control systems of the Council 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 submitted to the council for approval to be written off and that the approvals are shown in the accounting records.
- 1.13. 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 (council tax requirement);

- approving accounting statements;
- approving an annual governance statement;
- borrowing;
- writing off bad debts;
- declaring eligibility for the General Power of Competence as defined at <http://www.oalc.org.uk/documents/AbriefingpaperonPowerofGeneralCompetenceApril2012.docx> and
- addressing recommendations in any report from the internal or external auditors,

shall be a matter for the full council only.

1.14. In addition the Full Council must:

- determine and keep under regular review the bank mandate for all council bank accounts;
- approve any grant or a single commitment in excess of £1,000.

1.15. 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, still in force unless otherwise specified.

In these financial regulations 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. ANNUAL ESTIMATES (BUDGET)**

- 2.1. Each Committee (if any) shall formulate and submit proposals for the following financial year to the Council 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 in the form of a budget to be considered by the council.
- 2.3. The Council shall review the budget not later than the first week of January each year and shall fix the Precept (council tax requirement) to be levied for the ensuing financial year not later than the first week 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 budget.
- 2.4. The annual 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 five year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual Budget.

### **3 BUDGETARY CONTROL AND AUTHORITY TO SPEND**

- 3.1. Expenditure on revenue items may be authorised by the Town Clerk up to the amounts included for that class of expenditure in the approved budget.
- 3.2. No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of 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 budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at the end of each month.
- 3.4. 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 £750 on any one project.
- The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5. Unspent provisions in the revenue budget shall be reported as soon as possible after the Year End. They shall not be carried forward to a subsequent year unless so authorised by resolution of the Council at the next available meeting
- 3.6. 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 the necessary funds are available, or the requisite borrowing approval has been obtained.
- 3.7. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 3.8. Provision for and use of earmarked reserves shall be approved by Council.

#### **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, appropriate guidance and proper practices.
- 4.2. On a regular basis, at least once in each quarter, and at each financial year end, a member shall verify bank reconciliations (for all accounts). The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.
- 4.3. The RFO shall complete the annual statement 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.
- 4.4. The council shall ensure that there is an adequate and effective system 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.
- 4.5. 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.
- 4.6. 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.
- 4.7. 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.
- 4.8. 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.

- 4.9. 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.
- 4.10. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

## **5. BANKING ARRANGEMENTS AND CHEQUES**

- 5.1. The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council; banking arrangements cannot be delegated to a Committee. They shall be regularly reviewed for safety and efficiency.
- 5.2. Electronic payments and cheques paid from the bank account shall be verified by the Town Clerk and signed or electronically authorised by two members of the Council.
- 5.3. To indicate agreement to the electronic payments, cheques or orders for payment the two Councillors shall additionally initial the invoices and in the case of cheques initial the counterfoils.

## **6 PAYMENT OF ACCOUNTS**

- 6.1. The Council will make safe and efficient arrangements for the making of its payments.
- 6.2. All payments shall be effected by cheque, Direct Debit, Standing Order, from Petty Cash or by Bank Transfer or by credit card as provided in Regulation 5.2. 6.3
- 6.3. All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 6.4. The RFO shall examine invoices, check their arithmetic and arrange for them to be allocated to the appropriate budget heading. The RFO shall settle all valid invoices submitted, and the Clerk shall report these at the next available Council Meeting.
- 6.5. If thought appropriate by the council, payments may be made by variable direct debit provided that the instructions are signed by two Councillors and any payments duly reported to council. The approval of the use of a variable direct debit 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 standing order provided that the instructions are signed, or otherwise approved by two Councillors, and are retained, and provided that any payments are reported to

council as made. The approval of the use of a bank standing order shall be renewed by resolution of the council at least every two years.

- 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.
- 6.8. Regular back-up copies of the records on any computer shall be made and shall be 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 Service Administrator with a stated number of approvals.
- 6.11. Access to any internet banking accounts shall be controlled so as to be secure as advised by the Council's Bankers and IT advisers.
- 6.12. Changes to account details for suppliers shall be similarly controlled.
- 6.13. If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the Clerk and RFO certify that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.3) take all steps necessary to settle such invoices and a record of such payments shall be submitted to the next appropriate meeting of Council.
- 6.14. The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Receipts for payments made shall be forwarded to the RFO in order that they can be verified and authorised for reimbursement:
  - a) The RFO shall maintain a petty cash float of £100 for the purpose of defraying operational and other expenses. Receipts 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 on the schedule of payments presented to Council under 5.2 above.
- 6.15. the clerk and RFO may operate a credit card account on behalf of the council for the payment ordinary bills and accounts up to a maximum individual payment of [£500.00], provided that all appropriate details of this arrangement are approved by council, including specifically naming the individual or individuals authorised to use the card, appropriate limits on transactions for each such individual, the number

of individuals, one or more, required to approve each transaction and compliance with all other financial regulations and good practice as specified in these regulations.

6.16. Any corporate credit card or trade card account opened by the council shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances.

## **7 PAYMENT OF SALARIES**

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 shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council.

7.2. Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available Council Meeting.

7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council.

7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be confidential and therefore not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:

a) by any councillor who can demonstrate a need to know;

b) by the internal auditor;

c) by the external auditor; or

d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.

## **8 LOANS AND INVESTMENTS**

8.1. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.

8.2. The council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed at least annually as part of preparing and reviewing the Council's budget.

8.3. All investments of money by the Council shall be in the name of the Council.

8.4. 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 be approved only by full council.

- 8.5. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## **9 INCOME**

- 9.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 9.2. Particulars of all 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 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. 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. The origin of each receipt shall be entered on the paying-in slip.
- 9.7. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8. The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 9.9. Where any significant sums of cash are reliably counted on behalf of the Council in the first instance, an appropriate audit trail shall be created with due care for the security and safety of staff handling such cash.

## **10 ORDERS FOR WORKS, 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. Copies of orders shall be retained.
- 10.2. Order records 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 (I) below.

- 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 as follows:

- (a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that these regulations shall 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 £250 (in excess of this sum the Clerk and RFO shall act after consultation with the Mayor and Deputy Mayor of the Council);
  - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (b) The provisions of S.O. 30 shall apply.
- (c) When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the Council shall approve on the basis of a recommendation setting out the reasons for the waiver.
- (d) When a tender is issued it 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) 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 or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £100 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.

- (f) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Order 21
- (g) The Council shall not be obliged to accept the lowest tender, quote or estimate.

## **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 by 5% or more a report shall be submitted to the Council.
- 12.3. Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the Contractor in writing, the Council being informed 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 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 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 tangible moveable property shall be purchased or otherwise acquired, 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 of tangible movable property does not exceed £250.
- 14.3. No real property (interests in land) shall be sold, leased, otherwise disposed of, purchased or otherwise acquired, without the authority of the council, together with any other consents required by law. In each case a report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case.
- 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 at least annually, possibly in conjunction with a health and safety inspection of assets.

## **15 INSURANCE**

- 15.1. In accordance with the annual risk assessment (per Financial Regulation 17), the Clerk and RFO shall effect all necessary cover. All claims on the Council's insurers shall be negotiated by the Clerk and RFO and appropriate records shall be kept.
- 15.2. The Clerk and RFO shall make a prompt record of all new risks or properties which require to be insured and of any alterations affecting existing insurances.
- 15.3. The 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.
- 15.4. 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 CHARITIES**

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

## **17 RISK MANAGEMENT**

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

## **18 SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

- 18.1. It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Clerk 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.
- 18.2. The council may, by resolution of the council duly notified prior to the relevant meeting of council, suspend any part of these Financial Regulations, after consideration of the precedent that may thereby be set, 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