

# NEWTON ABBOT TOWN COUNCIL



## Financial Regulations

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# NEWTON ABBOT TOWN COUNCIL

## FINANCIAL REGULATIONS

### Terms:

Reference to the F & A Cttee shall mean the Finance & Audit Committee

Reference to the RFO shall mean the Responsible Finance Officer (the 'Deputy Town Clerk' is the RFO).

Reference to the DTC shall mean the Deputy Town Clerk. In the absence of the RFO the Town Clerk shall have power to act in relation to any authorisation contained in these 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 These Financial Regulations must be read in conjunction with the Standing Orders of the Council. The Regulations fulfill the obligations of Standing Order 21.
- 1.3 The Deputy Town Clerk under the policy direction of the Finance and Audit Committee (F&A Committee) shall be responsible for the proper administration of the Council's financial affairs, in accordance with proper practices as set out by Chartered Institute of Public Finance and Accountancy/Local Authority Scotland Accounts Advisory Committee and National Association of Local Councils.
- 1.4 The Deputy Town Clerk shall be responsible for the production of financial management information.
- 1.5 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.
- 1.6 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 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.

## **2. Annual Budget**

- 2.1 Each Committee/Sub-Committee shall formulate their budgets for submission to the F&A Committee in respect of revenue services and capital projects for inclusion in the Estimates in due time to allow the setting of the Precept in accordance with the requirements of the Precepting Authority.
- 2.2 Detailed estimates of the following year's income and expenditure shall be prepared each year by the Deputy Town Clerk to comply with current legislation. In addition, sufficient details of the forecast income and expenditure for the following two years to allow the Council to identify any significant changes shall also be prepared.
- 2.3 The F&A Committee shall review the budget and submit them to the Council in due time to allow the Council to meet, consider and resolve to set the Precept for the following year. The Deputy Town Clerk shall make available a copy of the approved budget to each Member.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.
- 2.5 The three-year forecast of Revenue and Capital Receipts and Payments will form the basis for medium term financial planning for the Council.

## **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. Delegations and approved signatories are set out in Schedules 1 and 2 herewith.
- 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 F&A 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 Deputy Town Clerk shall periodically provide the F&A Committee with a statement of income and expenditure to date under each head of the approved annual revenue and capital budgets. These figures will be compared to budgeted income and expenditure profiles. The report will also include a report on the latest position regarding the reserves and funds of the Council. These statements are to be prepared at least at the end of each financial quarter.
- 3.4 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.
- 3.6 All capital works shall be administered in accordance with Financial Regulation No. 12 herein.

#### **4. Statutory Accounts**

- 4.1 The Deputy Town Clerk shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year, and in any case in accordance with the timescale laid down by the Accounts and Audit Regulations, and shall submit them to and report thereon to the F&A Committee.
- 4.2 The Deputy Town Clerk 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.
- 4.3 The Deputy Town Clerk shall ensure that there are adequate and effective systems of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. Any officer or member of the Council shall, if the Deputy Town Clerk 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, and 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 Deputy Town Clerk shall, as soon as possible, bring to the attention of the Town Clerk and all Councillors any correspondence or report from the Internal or External Auditor, unless it is of a purely administrative matter.

#### **5 Internal Control**

- 5.1 All accounting procedures and financial records of the Council shall be determined by the Deputy Town Clerk in accordance with the Accounts and Audit Regulations.
- 5.2 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 if practicable.

## 6. **Payment of Accounts**

- 6.1 Apart from petty cash payments, all payments shall be effected by cheque, Bank Automatic Clearing System (BACS), standing order, or direct debit, drawn on the Council's bankers. (See para. 6.9 credit card)
- 6.2 All invoices for payment shall be examined and verified by the officer issuing the order. Before verifying 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. A second officer will certify the invoice.
- 6.3 Duly certified invoices shall be passed to the Deputy Town Clerk (DTC) 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.
- 6.4 The Deputy Town Clerk 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 Deputy Town Clerk shall maintain a petty cash float of £500 for the purpose of defraying operational and other expenses. This limit will be reviewed annually by the Council as part of these regulations. 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.
- 6.5 If thought appropriate by the Council, payment for 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. An annual report, at the beginning of the financial year, shall be made to the F&A Committee listing such payments.

- 6.6 Where a schedule of BACS payments is drawn up the schedule will be authorised to be actioned by the bank by two councillors so authorised by the Council in accordance with the cheque signing authorisation.
- 6.7 The Town Clerk may, in consultation with the Mayor and Deputy Mayor (in the absence of either the Chairman/Vice-Chairman of the F & A Cttee), incur expenditure on behalf of the Council which does not exceed the amount provided in the revenue budget of that class of expenditure, subject to a limit of **£2,500**. The Town Clerk shall report all such action to the Council or appropriate committee as soon as practicable thereafter.
- 6.8 The Clerk may, in consultation with the Mayor and Chair of the F & A Committee (or the Deputy Mayor or Vice-Chairman in their absence), 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 e.g. affecting Health & Safety or primary function of the Council that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of **£10,000**. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 6.9 Expenditure by an authorised officer by debit or credit card shall be permitted in accordance with the appropriate requirements of these Regulations whether or not the payments are made on-line or not.

## **7. Banking Arrangements and Cheques**

- 7.1 The Council's banking arrangements, including the bank mandate shall be made by the Deputy Town Clerk and approved by Council. They shall be regularly reviewed for efficiency.
- 7.2 Cheques and direct debit payments drawn on the appropriate Council bank account referred to in the previous paragraph shall be signed in accordance with these Financial Regulations.
- 7.3 Transfer of money between bank accounts within the same bank, to maximise interest, can only be authorised by the Deputy Town Clerk in consultation with the Town Clerk.

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

- 8.1 As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance Legislation. Arrangements for the payment of all salaries and wages shall be made by the Deputy Town Clerk in accordance with the payroll records and in accordance with each employee's contract of employment.
- 8.2 All time sheets shall be certified as to accuracy by or on behalf of the Town Clerk/DTC.

## **9. Loans and Investments**

- 9.1 The Council has an Investment Strategy in line with current best practice, and all investments will be in line with the CIPFA Code of Conduct (see Appendix on page 13). All loans and investments shall be negotiated by the Town Clerk with the assistance of the DTC, 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 F&A Committee at the earliest opportunity.
- 9.2 All investments of money under the control of the Council shall be in the name of the Council.
- 9.3 All borrowings and operations leases shall be effected in the name of the Council. All such agreements shall be authorised by the F&A Committee and documents signed by the Town Clerk as Proper Officer.
- 9.4 All investment certificates and other documents relating thereto shall be retained in the custody of the Town Clerk.

## 10. **Income**

- 10.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Deputy Town Clerk.
- 10.2 Particulars of all charges to be made for work done, services rendered, or goods supplied shall be notified to the Deputy Town Clerk shall be ultimately responsible for the collection of all accounts due to the Council.
- 10.3 The Council will review all fees and charges annually, following a report from the Deputy Town Clerk.
- 10.4 Bad debts – Any sums found to be irrecoverable and any bad debts be reported to the Council and shall be written off in the year they occur. Debts below a de-minimis level of £100 (which will be reviewed annually by the Council as part of these regulations) may be written off by the Town Clerk. Debts above this limit may only be written off following approval by the F&A Committee.
- 10.5 All sums received on behalf of the Council, shall either be paid to the Deputy Town Clerk for banking or be banked by the officer collecting the money as directed by the Deputy Town Clerk. In all cases all receipts shall be deposited with the Council's bankers with such frequency as the Deputy Town Clerk considers necessary.
- 10.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 10.7 Every transfer of official money from one member of staff to another shall be signed for by the receiving officer. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 10.8 The Deputy Town Clerk 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.

10.9 The Deputy Town Clerk 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.

**11. Orders for Work, Goods and Services**

11.1 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. Copies of orders issued shall be maintained.

11.2 Order books shall be controlled by the DTC.

11.3 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.

11.4 The Deputy Town Clerk shall verify the lawful nature of any purchase before the issue of any order, and in the case of new or infrequent purchase or payments, the Deputy 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.

**12. Orders, Contracts and Consultants: Procedural Requirements**

12.1 Expenditure shall only be incurred if authorised in accordance with the above regulations and:

- by virtue of an official order signed (or otherwise authorised) by an officer;

**OR**

- by a contract or agreement entered into in accordance with the procedures set out below.

12.2 All contracts shall be in an approved form with appropriate legal advice obtained as required. No works shall commence until the documents have been signed.

**12.3 Purchase Orders - Quotation Procedures**

All orders shall be in a prescribed form and must be signed (or otherwise authorised) by the designated officer.

- a) When the estimated cost of an order is more than [£5,000] but not more than £25,000\*, at least three competitive quotations should normally be sought and the best value quotation accepted. Exceptions to this rule shall be when any order involves an insurance claim when the requirements of the insurance company or their loss adjuster shall apply, or when there is an insufficient



- number of suitable suppliers.
- b) The specification must be sent to the invited suppliers requiring that the quotation be returned to the Clerk (or nominated officer) in plain envelopes marked "quotation for...." and specifying a closing date. The number of suppliers invited should normally not be less than three (unless the exceptions set out in 7.3.1 apply).
  - c) The quotations will be opened by the Clerk in the presence of at least two members of Council and will be recorded in a permanent record to be signed by those present.
  - d) Acceptance of anything other than the lowest quotation is only to be done with the approval of the Clerk and the reasons for such a decision must be formally recorded and reported to the Council.
  - e) Where the estimated cost is £25,001\* or more a transaction will be subject to the full tendering procedures set out below, unless otherwise approved by the Council.
  - f) The placing of purchase orders in respect of all individual transactions which are estimated to cost £25,001\* or more must be approved by the Council. The submission shall include details of the competitive processes employed and the prices obtained.

#### 12.4 Tendering Procedures

- a) The Town Clerk will consult with the Council's advisors regarding which contractors should be included on a tender list. A draft list will be circulated to Council for comment and approval. All contractors on the list shall provide contact details where the Council can obtain financial and technical references and the Council will seek to ensure that any information it holds regarding each contractor is kept up to date.
- b) Tender lists where the estimated cost is £25,001\* or more shall be reported to the Council.
- c) Tenders shall be obtained by whichever of the following methods is most appropriate:
  - by invitation to contractors selected after advertisement or from an approved list including use of the Contracts Finder Website ([www.gov.uk/contracts-finder](http://www.gov.uk/contracts-finder)). The number of tenders to be invited should not normally be less than three and can only be less than three with specific approval from the Council;
  - for work of a character for which there is a limited number of contractors, by invitation to known contractors in the particular field;
  - in exceptional circumstances, by invitation to a contractor selected by the Council.
- d) Tenders shall be opened together in the presence of at least three people of whom one shall be the Clerk (or designated officer delegated this task) and two shall be members of the Council. A list of tenders received will be
- e) recorded and signed by those present.  
The Town Clerk and members present may accept the successful tender

- provided it is the lowest. The approval of the Council must be obtained if the tender being recommended for acceptance is other than the lowest. The reasons for the recommendation must be set out in a report and recorded. The Town Clerk shall be responsible for ensuring that a formal record is kept of all tender proceedings and documentation.
- f) For contracts over a value of £172,514 or £4,322,012 see the 2015 regulations. \*
- g)

12.5

a)

### **Administration of Contracts**

- The successful tenderers for major capital contracts shall be asked to provide the guarantee of an insurance company bond or other suitable insolvency cover approved by the Council in a sum normally equal to 10% of the tender sum.
- b) Payment to contractors on account of authorised contracts shall only be made on a certificate signed by, or on behalf of, the person named in the contract and shall show the gross value to date, retention money, amount paid to date and the amount now certified.
- c) The Town Clerk, in consultation with [the Mayor or Chair of F&A Committee], may vary contracts on their original terms and conditions by anything up to [10%] of the original value for contracts with a value of up to £50,000 or 5% (subject to a limit of [£10,000]) if the approval of the Council is required for scheme changes during contract.
- d) Decisions regarding whether any claim for liquidated damages should be pursued are delegated to the Town Clerk.
- e) Where term contracts or schedules of rates have been employed, the Clerk shall submit to the Council quarterly a report setting out the values of works placed with each contractor.

12.6

### **Signatories for Contracts and other Legal Documents**

Where a contract or other legal document requires signature those documents may be signed by any [2] authorised officers or any other Council Member as agreed by the Council.

## **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 officer in charge 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 title deeds of properties owned by the Council. The Town Clerk 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, with the exception of the de minimis limit of £1,000 in which case the Town Clerk has delegated authority.

14.3 The Deputy Town Clerk 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. Assets with a purchase price or value greater than £1,000 shall be included in the Register.

#### 15. **Insurance**

15.1 The Deputy Town Clerk in consultation with the Town Clerk shall effect all insurances and negotiate all claims on the Council's insurers. Such insurance shall be subject to competitive quotations every 5 years.

15.2 The Deputy Town Clerk shall in co-operation with the Town Clerk 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 DTC 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 DTC shall be notified of any loss, liability or damage or of any event likely to lead to a claim, and 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 DTC immediately.

#### 16 **Risk Management**

- 16.1 The Council is responsible for putting in place arrangements for the management of risk. The Deputy Town Clerk shall prepare, for approval by the Council, a risk management policy statement in respect of all activities of the Council. Risk policy statement and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 16.2 The DTC and the Town Clerk shall be responsible for the setting and maintenance of a Risk Register for the Council. This shall be reviewed by the Finance & Audit Committee at least annually.
- 16.3 When considering any new activity, the Clerk with the DTC shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

**17. Charities**

- 17.1 Where the Council is sole managing trustee of a charitable body the Clerk and the 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.
- 17.2 The Clerk and the RFO shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

**18. Revision of Financial Regulations**

- 18.1 It shall be the duty of the F & A Committee to review the Financial Regulations of the Council from time to time.
- 18.2 The Town Clerk and DTC 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.

## **SCHEDULE 1**

### **Delegation to Designated Officers**

#### **Authority to place orders, certify invoices and approve payments.**

Clerk; Deputy Clerk/RFO; Admin Assistant

#### **Authority to place orders where the estimated value does not exceed £15,000 (without an express Council instruction e.g. specific contract)**

Clerk; Deputy Clerk/RFO

In the absence of any officer, the Mayor or his nominee may act for that officer.

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## **SCHEDULE 2**

### **Bank Signatories and Limits for Lloyds Bank Accounts and Debit or Credit cards**

#### **A. Members of Council**

Mayor; Deputy Mayor; Chairman of F & A Cttee; Vice-Chairman of F & A Cttee

#### **B. Officers**

Clerk; Deputy Clerk; Admin Assistant

#### **Limits for payments from bank accounts**

Any single signatory £500

Any three signatories from lists A & B £15,000

#### **Credit/Debit Cards/ Prepaid Cards**

Clerk and Deputy Clerk/RFO £5,000 per month

Events Co-ordinator £2,500 per month

Town Development Manager £2,500 per month

Museum Curator £2,500 per month

Cards may not be used for private transactions.

# NEWTON ABBOT TOWN COUNCIL

## ***INVESTMENT STRATEGY & POLICY***

### **A. Introduction and Strategy**

Newton Abbot Town Council has a substantial capital fund named 'The Capital Account', also from time to time may have surplus funds in its bank account. It is important that these funds are invested prudently, with full recognition of the Town Council's responsibility to the Council Tax payer, and with regard to the priority for security and liquidity of those investments.

The Town Council is required by the Local Government Act 2003 to have in place an Investment Policy (see also paragraph 8. of the Council's Financial Regulations). The policy must be approved by the Town Council but may be varied from time to time as circumstances alter. The Investment Strategy and Policy will be a public document as defined by the Freedom of Information Act 2000. This document sets out the Town Council's policy for managing any investments that it makes

### **B. Policy**

#### **1. Cash not immediately required:**

1. To retain not less than **[two]** months average working capital requirement in current and deposit accounts giving immediate access;
2. To place an agreed percentage of such other funds on deposit of up to one year's duration, depending upon the prevailing interest rates and forecast cash flow requirements;
3. Funds only to be deposited or invested with:
  - (a) UK clearing banks or their subsidiaries, together with those former major building societies now banks, subject to their being assigned a long-term credit rating of 'A' or above from Standard and Poors or Moody's Investment Services Inc;
  - (b) UK Government stocks;
  - (c) UK local authority stocks and bonds, including the CCLA (Public Sector Deposit Fund). Interest from such investments is to be regularly reinvested into the funds, particularly when interest rates are favourable.

#### **2. Investments/Shares:**

To hold UK shares that comply with the Trustee Act 2000 in such quantity as the Council shall from time to time approve as a medium to long term investment, or to hold Government Bonds (Gilts) or to hold cash.

Philip A Rowe  
Town Clerk

Adopted 30/01/2008  
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