



## **SELBY TOWN COUNCIL FINANCIAL REGULATIONS**

At Selby Town Council the role of Clerk also includes the role of Responsible Finance Officer (RFO). Where delegation is granted to the Clerk, that delegation extends to the relevant Manager in the extended absence of the Clerk, upon approval by Council.

**In practice many duties referred to in these Financial Regulations are carried out by an Officer of the Council under the direction of the Town Clerk.**

### **1. GENERAL**

- 1.1 These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.
- 1.2 The Clerk, under the policy direction of the Council, shall be responsible for the proper administration of the Council's financial affairs.
- 1.3 The Clerk shall be responsible for the production of financial management information.
- 1.4 The Council's financial control system must include measures:
  - (a) for the timely production of accounts;
  - (b) that provide for the safe and efficient safeguarding of public money;
  - (c) to prevent and detect inaccuracy and fraud; and
  - (d) identifying the duties of officers.
- 1.5 Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

### **2. ANNUAL ESTIMATES AND FORWARD PLANNING**

- 2.1 A meeting of the Finance and Staffing Committee will be held to consider capital and reserves spending plans for the following three financial years in October each year.
- 2.2 The salary budgets are to be reviewed at least annually in October for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chair of Council or relevant committee.
- 2.3 Detailed estimates of all receipts, payments and charges for the forthcoming three years shall be prepared by the Clerk each year.

- 2.4 Not later than the end of December each year the Council shall review the estimates of revenue income and expenditure for the next three financial years and shall fix the Annual Budget and Precept to be levied for the ensuing financial year. The Clerk shall supply each member with a copy of the approved estimates.
- 2.5 The annual budgets shall form the basis of financial control for the ensuing year.

### **3 BUDGETARY CONTROL**

- 3.1 No expenditure may be incurred which will exceed the amount provided in the revenue budget and where such budget would likely be exceeded the Clerk must report this to Council. (Exceptional expenditure from balances may be made by special resolution for emergency unforeseen expenditure with the proviso that The Council's accounts can never be allowed to go into debit)
- 3.2 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 £1,000. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.3 The Clerk may incur expenditure up to the maxima, listed below, on any one occasion (such occasions not being limited in number) provided that such expenditure is in the opinion of the Clerk necessary and appropriate, and is within the remit, power and budget of the Council. The Clerk shall report these actions to Council.
- (a) £2,500 for a single performance fee for the Town Hall Arts Centre or £3,000 with the approval of the Chair of the Town Hall Management Committee; and
  - (b) £1,000 in all other instances.
- 3.4 All expenditure, other than that covered by 3.2 and 3.3 above shall only be incurred if authorised by a resolution of the Town Council.
- 3.5 The Council will ensure that it has powers to spend any intended expenditure or can use the powers of S137 of the Local Government Act 1972.
- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless approved by 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 the necessary funds are available, or the requisite borrowing approval has been obtained.
- 3.8 The Clerk shall at the end of each financial quarter provide the Finance and Staffing Committee with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned and shall show explanations of any variances in excess of £100 or 15% of the budget whichever is the lesser.
- 3.9 The Clerk shall inform Council and Committees of any changes impacting on their budget requirement for the coming year in good time.

## **4. ACCOUNTING AND AUDIT**

- 4.1 All accounting procedures and financial records of the Council shall be determined by the Clerk as required by the Accounts and Audit Regulations 1996 as amended.
- 4.2 The accounting records provided by the Clerk shall be sufficient to show and explain the council's transactions and to enable the Clerk 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 (England) Regulations 2011/817 and Accounts and Audit Regulations 2015.
- 4.3 The accounting records provided by the Clerk shall in particular contain:
- (a) 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 account relate;
  - (b) A record of assets and liabilities of the council; and
  - (c) Wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grants or subsidy.
- 4.4 The financial control systems determined by the Clerk shall include:
- (a) Procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
  - (b) Procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
  - (c) Identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
  - (d) 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 Clerk and that the approvals are shown in the accounting records; and
  - (e) Measures to ensure that risk is properly managed.
- 4.5 On a regular basis and at each financial year end, a member other than the Chair or Cheque Signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the Clerk. A Member shall be appointed to validate that the Finance Officer, Clerk and Internal Auditor have signed the relevant documentation. This activity shall on conclusion be reported to and noted by the Council including any exceptions.
- 4.6 The Clerk shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
- 4.7 The Clerk shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the External Auditor) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations, or set by the Auditor.

- 4.8 The Clerk shall be responsible for ensuring that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 1996 as amended. Any officer or member of the Council shall, if the Clerk or Internal Auditor requires, make available such documents of the Council which appear to the Clerk or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the Clerk or Internal Auditor with such information and explanation as the Clerk or Internal Auditor considers necessary for that purpose.
- 4.9 The Internal Auditor shall carry out the work required by the Clerk, or by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return completed for and submitted to the External Auditor. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.10 Internal or external auditors may not under any circumstances:
- (a) Perform any operational duties for the council;
  - (b) Initiate or approve accounting transactions; or
  - (c) Direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 4.11 The Clerk shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by current legislation and regulations.
- 4.12 The Clerk 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**

- 5.1 The Council's banking arrangements shall be made by the Clerk and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of the payments, made under the Clerks Delegated Powers in Section 3 and Section 6.4 and other payments required to be made, forming part of the Agenda for the meeting, shall be prepared by the Clerk and, together with the relevant invoices, be presented to Council at the next available meeting. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chair of the Meeting. If more appropriate the detail may be shown in the minutes of the Meeting. Personal payments (including salaries, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information with appropriate details provided in Private Session.
- 5.3 All payments drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, shall be authorised by two members of Council and countersigned by the Clerk or other named Officer in accordance with 5.4. A member having a connection by virtue of family or business relationships with the beneficiary of a payment, shall not be a signatory to the payment in question, unless specifically authorised by a resolution of Council.

Where the amount is £100 or less the Clerk may authorise payments on behalf of the Town Council.

All such payments shall be reported at the next Town Council meeting.

5.4 To indicate agreement of the payment and details, authorisation by Councillors and/or the Clerk as in 5.3 shall be as follows:

- (a) Cheques – The authorised person(s) shall sign the cheque and initial the counterfoil of the cheque book and invoice or similar document.
- (b) BACS and Pre-Payment Card – The authorised person(s) shall sign the BACS/Pre-Payment Card Authorisation Form and invoice or similar document.
- (c) Direct Debits and Standing Order arrangements shall be authorised by a resolution of Council wherever there is a change in the arrangements and at least annually. The current list of Direct Debits and Standing Orders shall be signed by the Chair of the Council and the Clerk.

5.5 Fund transfer within the councils banking arrangements shall be authorised by Full Council.

5.6 For each financial year the Clerk shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively, Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like) for which Council may authorise payment for the year provided that the requirements of regulation 3.3 and 3.4 are adhered to.

## **6 PAYMENT OF ACCOUNTS**

6.1 All payments shall be effected by cheque or other order drawn on the Council's bankers, except as provided by 6.5 below and shall be laid before the Council in accordance with 5.2 above.

6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy themselves that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.

6.3 The Clerk shall examine invoices in relation to arithmetic accuracy and shall allocated them to the appropriate expenditure heading.

6.4 Where the Clerk certifies that there is no dispute or other reason to delay payment and it is for the payment of any of the following:

- (a) Salaries and relevant deductions from salaries
- (b) One-off expenditure, where the expenditure or the committed expenditure, has been agreed by the Town Council with a minute recorded
- (c) Expenditure within the Clerk's Delegated Power (Section 3.2 or 3.3)
- (d) Ongoing expenditure where the Council is contractually obliged to pay and the current contract has been previously approved by Council
- (e) Non contractual expenditure that the Council is legally obliged to pay to statutory bodies (such as National Insurance Contributions/Income Tax/Business and Non Domestic Rates)

The Clerk may take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council. Where there is any dispute then the issue shall be referred to the next available meeting of Council and the payment shall not be made until it is authorised by Council.

- 6.5 The only cash float which should be retained are:
- (a) That for use in carrying out the Council's function of providing an Arts Centre. The value of that which should not exceed £600.
  - (b) A balance of not exceeding £100 general petty cash.
  - (c) All till floats do not exceed £100 and shall be limited to the floats required in one week.

Cash books shall be kept to record cash transactions relating to any payments made in cash by the Clerk (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

- 6.6 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, the location of storage being agreed by Council.

## **7 PAYMENT OF SALARIES**

- 7.1 The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating or the Clerk will provide proof that they had notified the relevant bodies (eg Inland Revenue), 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, pension contributions and union contributions may be made in accordance with the payroll records and on the appropriate dates, provided that each payment is reported to and ratified by 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 employee of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record file. This confidential record is 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; and
  - (d) By any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5 Any termination payments shall be supported by a clear business case and reported to the Council. Termination payments shall only be authorised by Council.

## **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 as agreed by Council on each occasion.
- 8.2 The Council's Investment shall be reviewed on a regular basis (at least annually). Any investment made by the Council on behalf of a charity shall also be in accordance with the Trustee Act 2000.
- 8.3 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.
- 8.4 All investment certificates and other documents relating thereto shall be retained under the control of the Clerk.

## **9 INCOME**

- 9.1 Before any decision is taken which affects income the Clerk shall inform the Council if such a decision is likely to result in a reduction of income.
- 9.2 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Clerk.
- 9.3 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 Clerk and the Clerk shall be responsible for the collection of all accounts due to the Council.
- 9.4 The Council will review all fees and charges in December each year, following a report of the Clerk.
- 9.5 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.6 All sums received on behalf of the Council shall be banked intact as directed by the Clerk. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Clerk considers necessary.
- 9.7 All income shall generate a receipt, or similar record, which shall balance to the financial system or other record. All paying in slips shall be balanced to the financial system.
- 9.8 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.9 The Clerk 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.
- 9.10 Where any significant sums of cash are regularly received by the Council, the Clerk 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 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 A Member may not issue an official order or make any contract on behalf of the Council.
- 10.3 Order books shall be controlled by the Clerk.
- 10.4 All Members and 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, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11.1 below.
- 10.5 The Clerk shall verify 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 Clerk shall ensure that the Statutory Power shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

## 11 CONTRACTS AND PROCUREMENT

- 11.1 Procedures as to contracts and procurement are laid down as follows:

**Financial regulations shall confirm that a proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £15,000 shall be procured on the basis of a formal tender as required by the Councils Standing Order Section 16;**

Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency, or by resolution of the Town Council, provided that these regulations shall not apply to contracts which relate to items (a) to (i) below:

- (a) for the supply of gas, electricity, water, sewerage and telephone services;
- (b) for specialist services such as are provided by solicitors, accountants, surveyors, local government associations and planning consultants;
- (c) 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;
- (d) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
- (e) for additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk shall act after consultation with the Chair and Vice Chair of Council);
- (f) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (g) For work or goods where there is only one supplier.
- (h) For contracts up to a value of £2,000.
- (i) For contracts for the Arts Centre Performance Fees as detailed in 3.3 (a).

### 11.1.1 For contracts up to £2,000

Officers will seek the best value deal for the Council through an informal process, based on previous experience where possible, and reported to the appropriate meeting of Council or Committee.

### 11.1.2 **For contracts exceeding £2000, but not exceeding £15,000**

Officers will seek sealed quotations from at least three suitable firms, unless otherwise directed by Council. Quotations are to be returned in a sealed, marked envelope, to the Clerk by a stated date and time. Quotations submitted are to be opened, after the stated closing date and time, by the Clerk and at least one Member of Council who shall sign the quote/tender opening sheet. Quotations shall be assessed on a value for money basis and reported to the appropriate meeting of Council or Committee together with the signed quote/tender opening sheet, for a decision to be made.

### 11.1.3 **For contracts exceeding £15,000,**

Officers will seek tenders from a least three suitable firms, unless otherwise directed by Council. The tender process relating to such contracts shall comprise the following steps:

- (a) A specification of the goods, materials, services and the execution of works shall be drawn up;
- (b) Tenders are to be returned, in a sealed, marked envelope, to the Clerk by a stated date and time;
- (c) Tenders submitted are to be opened, after the stated closing date and time, by the Clerk and at least one Member of Council who shall sign the quote/tender opening sheet;
- (d) Tenders are then to be assessed on a value for money basis and reported to the appropriate meeting of Council or Committee together with the signed quote/tender opening sheet, for a decision to be made.
- (e) If less than three tenders are received for contracts above **£15,000** 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.
- (f) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Order 13.6 and 13.8 which shall apply to tenders as if the person making the tender were a candidate for an appointment. The invitation to tender shall also refer to the terms of the Bribery Act 2010.

## 11.2 **Public Supply Contracts, Public Service Contracts and Public Works valued over £25,000.**

11.2.1 **A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of £25,000 but less than the relevant thresholds at 11.2.2 is subject to Regulations 109-114 of the Public Contracts Regulations 2015 which include a requirement on the Council to advertise the contract opportunity on the Contract Finder website regardless of what other means it uses to advertise opportunity.**

11.2.2 **A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of £181,302 for a public service or supply contract or in excess of £4,551,413 for a public works contract (or other thresholds determined by the European Commission every two years and published in the Official Journal of the European Union (OJEU)) shall comply with the relevant procurement procedures and other requirement in Public Contracts Regulations 2015 which include advertising the contract opportunity on the**

## **Contracts Finder website and in OJEU.**

**11.2.3 A public contract in connection with the supply of gas, heat, electricity, drinking water, transport services, or postal services to the public; or the provision of a port or airport; or the exploration for or extraction of gas, oil or solid fuel with an estimated value in excess of £363,424 for a supply, services or design contract; or in excess of £4,551,413 for a works contract; or £820,370 for a social and other specific services contract (or other thresholds determined by the European Commission every two years and published in OJEU) shall comply with the relevant procurement procedures and other requirements in the Utilities Contracts Regulations 2016.**

11.3 The Council shall not be obliged to accept the lowest or any tender, quotation or estimate.

11.4 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.

## **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 Clerk 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 Clerk shall maintain a record of all such payments.

12.3 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 exceeds the agreed budget a report shall be submitted to the Council.

12.4 The Clerk may agree variations to a contract up to the limit of 10% or £100 (whichever is the greater) unless a different amount has been agreed by Council. The Council shall be informed where the final cost is likely to exceed the financial provision.

12.5 Any variation exceeding the limits in 12.4 must be referred to Council for a decision.

12.6 Any variation to a contract or addition to or omission from a contract must be confirmed by the Clerk to the Contractor in writing. Council to be informed where the final cost is likely to exceed the financial provision.

## **13 PROPERTIES AND ESTATES**

13.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The 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 Regulation 4(3)(b) of the Accounts and Audit Regulations 1996 as amended.

- 13.2 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 of tangible movable property does not exceed £50.

## **14 INSURANCE**

- 14.1 Following an annual risk assessment, the Clerk shall effect payment of all insurances and negotiate all claims on the Council's insurers.
- 14.2 The Clerk shall promptly notify the insurance company of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 14.3 The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 14.4 The Clerk 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.
- 14.5 All appropriate employees and volunteers 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 CHARITIES**

- 15.1 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 made in such form as shall be appropriate, in accordance with current 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 current Charity Law or any Governing Document.

## **16 FINANCIAL RISK MANAGEMENT**

- 16.1 The Clerk shall prepare and promote financial risk management policy statements in respect of all activities of the Council.
- 16.2 When considering any new activity the Clerk shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

## **17 REVISION OF FINANCIAL REGULATIONS**

- 17.1 It shall be the duty of the Council to review the Financial Regulations of the Council at least every four years.
- 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.
- 17.3 Values within these Financial Regulations are to be set by the Council when adopting or amending the Financial Regulations (other than the EU**

**Procurement thresholds as adopted by the Office of Government Commerce shown in Regulation 11.2 – Contracts and Procurement).**

Date of Approval	25 June 2018
Latest date of formal Review	20 May 2019
Cross Reference Documents	Town Council Standing Order and Scheme of Delegation