



BARNSTAPLE TOWN COUNCIL

FINANCIAL REGULATIONS

Barnstaple Town Council's Financial Regulations are reviewed by the Council annually. They were last approved on 9 March 2015.

1. Introduction

- 1.1** The conduct of the affairs of the Council is governed by the statutes, statutory instruments and proper practice for parish and town councils and standing orders of the Council. These regulations should therefore be read in conjunction with those and any other policies or procedures of the Council including those referred to in this document. Any contract or grant condition entered into by the Council that imposes additional conditions shall also have precedence over these regulations. The administration of the finances of the Council are the responsibility of the Responsible Financial Officer.
- 1.2** The standing orders of the Council deal with a number of finance related matters including:
- (i) Motions on expenditure
 - (ii) Authorisation of works by members
- 1.3** These regulations do not seek to duplicate what is already contained in the legislation, proper practice or standing orders of the Council; they are intended to supplement and to provide a more detailed framework for the day to day operations of the Council.
- 1.4** These regulations are binding upon the Council's officers and on those acting for the Council whether as employees, as persons seconded from another organisation, or as agents or consultants.
- 1.5** All references to the Council shall also be taken to mean any properly constituted committee or sub-committee.
- 1.6** All references to officers of the Council shall also be taken to mean a nominee of that individual to whom authority has been properly delegated.

- 1.7** The Council has considered Appendix 10 of Governance and Accountability 2014 and has addressed the segregation of duties that relate to all aspects of the Council's control of money and ensured that where weaknesses exist compensating controls have been put in place to address those weaknesses and is therefore confident that so far as practical it has addressed the security of money and risk of fraud, theft or error in relation to its monetary transactions.

Councillors who have been assigned scrutiny roles in managing the Council's money are committed to doing so diligently and ensuring that they have appropriate training and updating in the area for which they have responsibility and the Council is committed to supporting such training.

The Council has adopted a tiered approach to transaction control and payments at different levels require different approval processes whether by cheque or internet thus focussing greater attention on the more significant transactions of the Council.

The Council will annually review the arrangements for managing money.

2. Authorisation of expenditure

- 2.1** Expenditure shall only be incurred when it has been included in an approved budget or where supplementary approval has been obtained if required.

3. Revenue Expenditure

- 3.1** Except as provided below, the inclusion of specific expenditure in the approved revenue budget or supplementary estimate shall constitute approval to the expenditure - no further Council approval is required.
- 3.2** In considering the budget, the Council may earmark items for further consideration. In these cases, specific Council approval will be required.

4. Activities

- 4.1** The following section should be read in conjunction with the Council's Policies and Procedures.
- 4.2** The range of Council activities will be reviewed at least once each year and reported to Council. Inclusion of an activity in this programme does not constitute approval for expenditure. The approval process is outlined below.

4.3 Approval Procedure

- 4.3.1** An activity proposal, including a financial appraisal, shall be presented to the Council for approval.

4.3.2 A report shall be made to the Council. The report shall include a financial statement showing estimated costs and income arising from the proposals and the impact on the budget for current and future years. Any material variations in projected income and expenditure levels from those set out in the scheme proposal are to be reported to the Council.

4.3.3 Following approval of an activity by the Council, any subsequent material variations in the activity or in the activity costs must also be approved by the Council

4.3.4 For the purposes of 4.3.2 and 4.3.3 the definition of material is as set out in 7.53.

4.4 Authority for Expenditure

4.4.1 Acquisition of land shall be approved by the Council.

4.4.2 The approval of the Council will be required before contracts are exchanged.

4.4.3 Where a building is to be constructed the Council shall generally seek competitive tenders. A negotiated tender may be obtained in circumstances where it is the opinion of the Council, after taking advice from the Council's consultants, that this will offer a more cost-effective solution.

5. Capital Expenditure on offices, equipment and vehicles

5.1 The RFO/Clerk shall be responsible for the annual submission of capital expenditure proposals for incorporation in the budget.

5.2 The Council may earmark certain items for further consideration. In these cases specific Council approval will be required before expenditure is incurred.

6. Budgetary control

6.1 The Clerk/RFO shall be responsible for the annual preparation of estimates of income and expenditure for the Council (and any supplementary estimates or proposed variations) and for the updating and monitoring of the budget.

6.2 The draft annual budget will be presented to the Council for approval prior to the year to which it relates and shall be considered as part of the process of setting a precept for the upcoming year.

6.3 The RFO shall provide the Council with budgetary control statements at least quarterly, and the Clerk will be responsible for presenting full quarterly management accounts to the Council.

- 6.4** The Clerk has responsibility for expenditure under all budget heads. Other members of staff will be asked to assist the Clerk in meeting this responsibility as appropriate. This may include staff being given specific delegated responsibility for monitoring and controlling budgets.
- 6.5** The Clerk will be responsible for ensuring that budget heads remain within the approved budget or supplementary approvals, and will be responsible for certifying invoices in respect of authorised expenditure.
- 6.6** The Clerk will submit supplementary estimates to the Council for approval when it appears that expenditure on an approved budget head will exceed the budget provision matched by a proposal to reduce the amount in another approved budget head or a request to utilise reserves if that is not possible. In the absence of any decision to the contrary the budget shall be controlled in line with the boxes on the Annual Return and subsidiary budget heads may be adjusted by the Clerk and reported to Council.

7. Orders, Contracts and Consultants: Procedural Requirements

- 7.1** Expenditure shall only be incurred if authorised in accordance with the above regulations and:
- (i) by virtue of an official order signed (or otherwise authorised) by an officer listed in Schedule 1, **or**
 - (ii) by a contract or agreement entered into in accordance with the procedures set out below.
- 7.2** 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.

7.3 Purchase Orders - Quotation Procedures

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

- 7.3.1** When the estimated cost of an order is more than £5,000 but not more than £50,000, 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:
- (i) 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; **or**

- (ii) specialist services such as are provided by solicitors, accountants, surveyors, planning consultants or other areas of expertise; **or**
- (iii) work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery, equipment or plant; **or**
- (iv) goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price.

7.3.2 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).

7.3.3 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.

7.3.4 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.

7.3.5 Where the estimated cost is £50,000 or more a transaction will be subject to the full tendering procedures set out below, unless otherwise approved by the Council.

7.3.6 The placing of purchase orders in respect of all individual transactions which are estimated to cost £50,000 or more must be approved by the Council. The submission shall include details of the competitive processes employed and the prices obtained.

7.4 Tendering Procedures

7.4.1 The 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.

7.4.2 Tender lists where the estimated cost is £50,000 or more shall be reported to the Council.

7.4.3 Tenders shall be obtained by whichever of the following methods is most appropriate:

- (i) by invitation to contractors selected after advertisement or from an approved list. 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;
- (ii) for work of a character for which there is a limited number of contractors, by invitation to known contractors in the particular field;
- (iii) in exceptional circumstances, by invitation to a contractor selected by the Council.

7.4.4 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 recorded and signed by those present.

7.4.5 The 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.

7.4.6 The Clerk shall be responsible for ensuring that a formal record is kept of all tender proceedings and documentation.

7.5 Administration of Contracts

7.5.1 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.

7.5.2 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.

7.5.3 The Clerk, in consultation with the Chairman or Chairman of F & GP 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 (as set out in 7.3.5).

7.5.4 Decisions regarding whether any claim for liquidated damages should be pursued are delegated to the Clerk.

7.5.5 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.

7.6 Signatories for Contracts and other Legal Documents.

Where a contract or other legal document requires signature those documents may be signed by any two signatories in Schedule 2A or any other Council Member as agreed by the Council.

8. Payments

8.1 Certification of Invoices and Expense Claims

Invoices, payment requests, and expense claims will be checked for arithmetical or clerical errors by the Finance Officer who will maintain a record of all invoices received. Invoices and cheque requests will subsequently be passed by the Finance Officer to the relevant designated officers as listed in Schedule 1 for certification. Certification by the designated officer indicates that:

- (i) the expenditure forms part of the approved budget; and
- (ii) the goods or services have been received and are satisfactory; and
- (iii) the price is as agreed with the supplier.

8.2 Certified invoices and expense claims will be passed to the Clerk for authorisation. Any expense claims made by the Clerk will be authorised by the Assistant Town Clerk.

8.3 Cheque Signing and Internet Banking Payment Arrangements

8.3.1 For the Council's main current account, cheques or other methods of payment (excluding salaries paid by BACS - see below) will be signed or otherwise authorised by two of the signatories listed in Schedule 2, and at least one of the two signatories must be a Council member. However, if the value of the payment exceeds £10,000 both signatories must be members of the Council.

8.3.2 No officer may sign cheques or approve internet payments in respect of expenditure which he/she has authorised. No signatory may sign a cheque or approve an internet payment payable to him/herself. All requests for cheque/payment signatures must be accompanied by the relevant invoice or other appropriate documentation which must have been certified by the designated officer.

8.3.3 The salaries and terms and conditions of staff are set by the Council.

- 8.3.4** On the basis of the Council's decisions on salaries the Finance Officer will prepare a list of salaries for approval by the Chairman or a member of the Council listed in Schedule 2. Such approval may be granted by electronic mail. The Finance Officer, in accordance with the security procedures of the Council's bankers, will input the salary instructions on to the account. On receipt of the approved schedule of salaries, the Clerk will authorise and transmit the salary instructions to the Council's bankers.

9 Banking and Investment

- 9.1** All matters with regard to the administration of the Council's bank accounts shall normally be carried out by the RFO/Clerk, Finance Officer or other delegated officer.
- 9.2** The Finance Officer will be responsible for the day to day arrangements for the investment of cash balances. All investments must accord with the Council's Investments Policy.
- 9.3** All the transfers of funds from one of the Council's deposit accounts or money market deposits must be made either into another of the Council's existing deposit accounts or into the Council's main current account. The closing of an existing account or the setting up of a new account must be approved by the Council. Any sweep or pooling arrangements must be approved by the Council. Any new bank mandate or amendment to an existing bank mandate must be approved by the Council, except where this is due to a properly agreed change in Chairman or Vice-Chairman of the Council, or of a standing committee of the Council. Any officer or member signatory to any bank account shall be approved by the Council and any such signatory shall cease to be a signatory if they are neither a member nor an employee of the Council.
- 9.4** Any bank credit card, debit card or prepaid debit card shall be approved by the Council as to who may use it, the balance limit to be set or prepaid balance to be maintained.
- 9.5** Any officer provided with such a card shall account at least monthly for all transactions on the card and provide invoices, receipts or other appropriate documentation to support transactions. If a credit card is used it must be cleared monthly in such manner that no interest charges are incurred.

9. Borrowing

10. The decision to borrow shall be made by the full Council. The Clerk will be responsible for all arrangements in respect of the borrowing of funds including applying for loan sanction. The approval of the Secretary of State and Council must be obtained before any agreement is entered into and must be signed by the Clerk and two members of the Council.

10.1 The Clerk shall be responsible for advising the Council in order to ensure the Council's compliance with loan covenants or other requirements.¹

11. Financial Records

11.1 Form of Financial Records

Such financial records shall be maintained as are deemed necessary by the Clerk. The records shall be sufficient to comply with law and proper practice.

12. Property Register

The Clerk/RFO shall be responsible for the maintenance of a register of land and buildings acquired by the Council, incorporating all information required by law and proper practice including that required by Transparency Code 2014.

13. Inventories

The Clerk shall be responsible for the maintenance of an inventory of office fittings, furniture, and equipment and vehicles.

14. Income

14.1 This section should be read in conjunction with Council policies and procedures in regard to fee setting, fee collection, arrears, and bad debts.

14.2 The Clerk shall be responsible for ensuring:.

- (ii) the efficient collection of income; and
- (iii) the efficient day to day operation of the income accounting system including the timely raising of invoices.

14.3 The approval of the Finance & General Purposes Committee is required for debts to be written off. The RFO/Clerk shall report to the Finance & General Purposes Committee on matters relating to debt write-off.

14.4 All income other than that paid directly into a Council bank account or invoiced shall be either receipted using numbered receipts, or rung through a till where the cumulative and current takings can be verified or controlled by the issue of numbered tickets. Where cash is transferred from one person to another it must be signed off by both the giver and the recipient. All charges for leases shall be controlled through a property terrier. Where donation boxes or similar are used cash should be collected by at least 2 people. Where an invoicing system is used a register of invoice payments received should be maintained where there is no accounting package in use to record this.

15. Insurances

15.1 The Clerk/RFO shall be responsible for effecting all insurances as are necessary, subject to reporting any major changes in policy to the Council and presenting an annual report to the Council.

15.2 The Clerk will report any new risks, properties or equipment which require to be insured and any alterations affecting existing insurances.

15.3 Any member of staff or member of the Council shall immediately notify the Clerk or Chairman upon knowing of any loss, liability, damage or any event likely to lead to a claim.

15.4 No admission of liability, waiver of rights, or promise of payment shall be made without the insurer's written consent.

15.5 The Council will make the necessary arrangements to ensure that it complies with the terms of the Council's insurance cover.

16. Security

16.1 Access to computer software containing financial information will be password-protected. The passwords will be individual to members of staff or members of Council and will be changed on a regular basis.

SCHEDULE 1

Delegation to Designated Officers

Authority to place orders, certify invoices and approve payments.

Town Clerk/RFO
Finance Officer
Assistant Town Clerk

Authority to place orders where the estimated value does not exceed £1000 and certify invoices for payment.

Town Clerk/RFO
Finance Officer
Assistant Town Clerk
Properties Manager
Culture and Community Development Manager
Heritage Centre Manager

Authority to place orders where the estimated value does not exceed £500

Town Clerk/RFO
Finance Officer
Assistant Town Clerk
Properties Manager
Culture and Community Development Manager
Heritage Centre Manager
Corporate Services Manager
Design Manager
Administration and Planning Support Officer

In the absence of any officer, the Chairman or his/her nominee may act for that officer.

SCHEDULE 2

Bank Signatories and Limits for NatWest Bank Accounts and Debit or Credit cards

Current Account 03908968

Reserve Account 95409084

Business Direct Reserve Account 58742387

A.Members of Council

Chairman/Mayor

Vice-Chairman/Deputy Mayor

Chairman of Finance & General Purposes Committee

Vice-Chairman of Finance & General Purposes Committee

Chairman of Properties Committee

Chairman of Environment Committee

Chairman of Heritage Centre Committee

Chairman of Staff Committee

Chairman of Planning & Transportation Committee

B.Officers

Town Clerk/RFO

Finance Officer

Assistant Town Clerk

Limits for payments from bank accounts

Any single signatory - £500

Any two signatories - £1,000

Any two from list A - over £1,000

Credit/Debit Cards/Prepaid Cards

Town Clerk - £2,000

Finance Officer - £1000 per month

Cards may not be used for private transactions.

Schedule 3

Some Statutory Sources and Proper Practice

Local Government Act 1972 as amended

Accounts and Audit Regulations (England) 2011

Localism Act 2011

Governance and Accountability 2014 and appendices

Local Audit and Accountability Act 2014