

MAGHULL TOWN COUNCIL



MAGHULL TOWN COUNCIL

FINANCIAL REGULATIONS

Date Revised	Review Date
November 2018	November 2019

INTRODUCTION

Financial regulations provide the framework for managing Maghull Town Council's financial affairs. They apply to every Member and Officer of the Council and anyone acting on its behalf.

All Members and Officers have a responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.

Further to this Maghull Town Council expects honesty, openness and integrity to be the values which underpin its financial affairs and all those involved with the Council's finances should work with these values in mind. An extension of this is the Statement of Principles below which provides the basis for the detailed guidance in Financial Regulations, as well as requirements of the disclosure of pecuniary interests for elected members.

The Council shall appoint a Responsible Financial Officer (RFO) who under the policy direction of the Finance Committee shall be responsible for the proper administration of the Council's financial affairs. In normal circumstances this role will fall under the responsibility of the Town Clerk however, this delegation can be varied subject to approval from the Finance Committee and Full Council.

The RFO shall be responsible for the production of all Maghull Town Council's financial management information.

THE PRINCIPLES

The Council is responsible for the stewardship of public money and will make arrangements to safeguard the interests of taxpayers and other stakeholders.

The Council expects its Members and Officers to exercise high standards in financial management and administration and aims to stimulate as well as practice the principles of **openness, transparency and good governance**.

The importance of planning, monitoring and controlling the use of resources is of vital importance to the Council and it will make arrangements for these activities to be undertaken effectively.

Issues of probity will be dealt with effectively and the Council will work to meet its duty to maintain proper accounts and related records.

Value for Money is at the core of the Council's financial activity and the way in which it administers its financial affairs.

Compliance with statutory requirements, accounting standards and appropriate codes of practice will be inherent in the Council's arrangements for financial matters.

The assets and resources of the Council must be protected from loss, damage and theft.

Identifying and quantifying risks to the Council is of key importance and arrangements must be made to reduce, eliminate or insure against them as appropriate.

The accurate, appropriate and timely payment and collection of monies forms much of the routine financial business of the Council and arrangements will be made for its proper administration.

1. Financial Planning & Control of Expenditure

The importance of this area is in the need for sound planning, monitoring and control of resources. Sound budget management is crucial to informing good decision making and achieving best value in the use of the Council's resources.

1.1. Policy Framework

The full council are responsible for agreeing the Council's policy framework and the budget that will be proposed by Officers of the Council. In terms of financial planning the key elements are:

- **The Maghull Development Plan**
- **The annual revenue budget**
- **The annual capital project programme**

2. Revenue Budget Preparation

- 2.1. Each Committee shall formulate and submit proposals to Full Council. In respect of revenue services and capital projects for inclusion in the rolling capital project programme not later than the end of November each year.
- 2.2. Detailed estimates of income and expenditure on revenue services, and on capital accounts, shall be prepared each year by the RFO.
- 2.3. Full Council shall review and approve the estimates not later than the end of January in each year and shall recommend the precept to be levied for the ensuing financial year. The RFO shall supply each Member with a copy of the approved estimates.
- 2.4. The annual capital and revenue budgets shall form the basis of financial control for the ensuing year and MUST be approved by Full Council.

3. Revenue Budget Monitoring and Control

- 3.1. Expenditure on the revenue account may be incurred up to the amounts included in each approved Committee budget.
- 3.2. No expenditure may be incurred, unless it is essential for health & safety reasons, which cannot be met from the amount provided in the appropriate Committee revenue budget unless a virement or supplementary estimate has been approved by the Full Council.
- 3.3. The RFO shall regularly provide the Full Council with a statement of income and expenditure to date under each heading of the approved annual revenue and capital budgets.
- 3.4. The Town 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 £5,000. Prior to any commitment in expenditure being made the Town Clerk must obtain verbal approval from either the Leader of the Council, the Deputy Leader or any Councillor on the approved authorised signatory list.
- 3.5. Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within the Committee's approved budget, it shall be subject to the provisions of a

supplementary estimate approved by the Finance Committee or the Council.

- 3.6** Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 3.7** No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the Committee concerned are satisfied that it is contained in the rolling capital project programme and that the necessary funds are available, or the requisite borrowing approval can be obtained.
- 3.8.** All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

4. Accounting and Audit

- 4.1.** All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations 2003.
- 4.2** The RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and shall submit them to and report thereon to the Full Council and in accordance with the Audit & Accounts Regulations 2003.
- 4.3** The following principles shall be observed 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.
- 4.4.** The Council will tender every three years and appoint an External Provider of an Internal Audit Service who shall be responsible for reviewing the effectiveness of the system of internal control of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 2003. Any Officer or Member of the

Council shall, if the Internal Auditor requires, make available such documents of the Council which relate to their accounting and other records as appear to the Internal Auditor to be necessary for the purpose of the audit and shall supply the Internal Auditor with such information and explanation as the Internal Auditor considers necessary for that purpose.

5. Financial Systems & Procedures

5.1. Income

5.2 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.

5.3 Particulars of all charges to be made for work done, services rendered or goods supplies shall be notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts due to the Council.

5.4 Full Council will review all fees and charges annually.

5.5 All bad debts shall be reported to members at Full Council.

5.6 All sums received on behalf of the Council shall either be paid to the RFO for banking or be banked by the officer collecting the money 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.

5.7 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.

5.8 Every transfer of official money from one member of staff to another shall be signed for by the receiving officer.

5.9 Personal cheques shall not be cashed out of money held on behalf of the Council.

6.1 Banking Arrangements and Cheques

6.2 The Council's banking arrangements shall be made by the RFO and approved by Full Council.

6.3 A schedule of the payment of money shall be prepared by the RFO and together with the relevant invoices, etc, presented to the Authorised Signatories. All new Direct Debits and Standing Orders shall be authorised

by one of the following Officers - RFO or in their absence the Business Development, Operations and Contracts Manager

- 6.4 As soon as elected members leave, the authorised signatories list to be updated and the RFO must inform the Co-operative Bank immediately.

7 Loans & Investments

- 7.1 All loans and investments shall be negotiated by the RFO in the name of the Council, and shall be for a set period of time in accordance with Council policy. Changes to loans and investments should be reported to Full Council at the earliest opportunity. Generally the Council's reserves shall be invested through the Council's bankers, in accordance with the Banking Arrangements. All loans and investment arrangements MUST be authorised by the Full Council. All Risk in relation to investments need to be reported and evaluated by Full Council before any approval.

- 7.2 All investments of money under the control of the Council shall be in the name of the Council.

- 7.3 All borrowings shall be affected in the name of the Council.

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

8 Payment of Salaries

- 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. 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.

- 8.2 Payment of salaries and payment of deductions from salary such as maybe for tax, national insurance and pension contributions, maybe made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts.

- 8.3 All pay reviews and rises to be ratified by Full Council.

- 8.4 All overtime payments to be authorised by the relevant line manager and the Proper Officer.

9 **Insurance**

9.1 The RFO shall affect all insurances and negotiate all claims on the Council's insurers.

9.2 The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and annually review it.

9.3 The RFO shall be notified of any loss, liability or damage or of any event likely to lead to a claim.

9.4 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

10 **Stores and Equipment**

10.1 The Officer(s) in charge of Administration and Facilities shall be responsible for the care and custody of stores and equipment in that section. As part of this role there is a requirement to undertake a biannual stock check and report this to Full Committee.

10.2 Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time delivery is made. All delivery noted to be given to the RFO.

10.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements and reported as part of the biannual stock check.

10.4 The RFO shall be responsible for ensuring the biannual stock check is undertaken in compliance with these regulations.

11 **Properties & Estates**

11.1 The Town Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO will 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.

11.2 The Business Development, Operations and Contracts Manager will be responsible for the up keep and reporting of a machinery/equipment register. All purchases / disposals will require approval by Full Council to ensure that the correct policies and procedures have been followed, so that purchase/disposal provides the Council with best value. There will be a requirement for an annual review to be sent to Full Council.

11.3 Any amendments to the register must be reported to Full Council.

12 **Revision of Financial Regulations**

12.1 It shall be the duty of Full Council to review the financial regulations of the Council from time to time and make such revisions as is required.

13 **Purchasing Policy**

Definition of Procurement

“The process of acquiring goods, works and services; covering both acquisitions from third parties and from in-house providers. The process spans the whole cycle from identification of needs, through to the end of a services contract or the end of the useful life of an asset. It involves options appraisal and the critical “make or buy” decision which may result in the provision of services in-house in appropriate circumstances.”

National Procurement Strategy for Local Government

General Principles

Procurement and leasing decisions will not be made solely on the basis of lowest costs. The purchase of all goods, services and leases is to be undertaken on the most advantageous terms and conditions, having regard to value for money and including quality, quantity, reliability, total cost and length of lease to the Council. Total cost to the Council includes administrative overheads (whole life cycle of acquisition) such as the cost to obtaining quotations, raising orders and processing invoices for payment. Ideally leases should not be undertaken for longer than three years.

It should be recognised that purchase price, quality, reliability, fitness for purpose of the product, timeliness and reliability of delivery are not the only factors appropriate to best purchasing practice; economy over time, reliable after sales service and environmental considerations are equally important.

The Council is committed to developing both a progressive awareness of good purchasing practice and the achievement of Value for Money Procurement.

13.1 **Official Orders for Work or Goods**

13.2 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, e.g., petty cash purchases. Copies of orders issued shall be maintained.

13.3 Order books shall be controlled by the RFO.

13.4 Purchase orders for works, goods, or services up to an estimated value of £5,000 need not be subject to the competitive bid requirement in 16.1. Three formal quotations will be sourced (wherever possible) for orders for works, goods, or services between an estimated value of £5,000 and £25,000. All Officers are responsible for obtaining value for money at all times. An Officer raising a requisition for an order is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction.

13.5 Only the Town Clerk, RFO or such other officers nominated by them, may initiate orders.

14 **Payment of Accounts**

14.1 Apart from petty cash, payments shall be effected by cheque or other order or BACS payments or by VISA Business Card, drawn on the Council's bankers.

14.2 All invoices for payment shall be examined, verified and certified by the Officer issuing the order. Before certifying an invoice the officer shall satisfy themselves that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.

14.3 Duly certified invoices shall be passed to the RFO who shall examine them in relation to arithmetical accuracy and authorisation. They shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.

14.4 All duly certified invoices will then be entered on the schedule.

14.5 The RFO may provide petty cash to Officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement:

16 **Contracts**

16.1 Procedures as to contracts are laid down in the Council's standing orders as follows:

16.2 Every contract whether made by the Council or by a Committee to which the power of making contracts has been delegated shall comply with these standing orders, and no exception from any of the following provisions of these standing orders shall be made otherwise than by direction of the Council or in an emergency by such a Committee as aforesaid provided that these standing orders shall not apply to contracts which relate to items (i) to (v) below:

- (i) For the supply of gas, electricity, water, sewerage and telephone services; to be reviewed every three years
- (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants; is to be reviewed annually
- (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
- (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
- (v) for goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price.

16.3 Any proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £25,000 but less than £164,176 (or such other values as may be prescribed from time to time by regulation) must, unless exempt from specified regulations, be procured and publicised in accordance with articles 109-144 of the Public Contracts Regulations 2015 or successor regulations. In addition to the requirements set out in the regulations the opportunity will be advertised on the Council's website and may be disseminated in any other manner that is appropriate, having regard to the nature of the contract and

suppliers. This may include, but is not limited to, dissemination to a group of economic operators selected for the purpose, whether ad hoc or by virtue of their membership of some closed category such as a trade association. The advertisements and disseminated material shall contain, as a minimum, the same information as that published on Contracts Finder in accordance with the Regulations.

- i) exceeding £5,001 but is less than £25,000 in value for the supply of goods or materials or in the execution of works or specialist services other than such goods, materials, works or specialised services as are expected as set out in paragraph 16.2 The Town Clerk shall invite quotations from at least three firms, such firms shall be selected in accordance with standing orders.
- ii) for expenditure of £ 5,000 or less in value the Town Clerk or the authorised RFO shall have executive power but must obtain verbal approval from the Leader of Council, the Deputy Leader or any Councillor on the approved authorised signatory list.
- (iii) For any expenditure or contract exceeding £ 25,000, a minimum of three tenders shall be invited in accordance with standing orders.

16.4 When applications are made to waive standing orders relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the Council.

16.5 Every exception made by a Committee to which the power of making contracts has been delegated shall be reported to the Council and the report shall specify the emergency by which the exception shall have been justified.

16.6 Invitations to tender shall state the general nature of the intended contract and the Town 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 Town Clerk and the last date by which such tenders should reach the Town Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specially marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.

16.7 All sealed tenders shall be opened at the same time on the prescribed date by the Town Clerk or the properly authorised RFO in the presence of at least one Member of the Council.

16.8 If less than three tenders are received for contracts valued above £25,000 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 but MUST document the basis for their decision.

16.9 Any invitation to tender issued under this standing order shall be issued in accordance with the Council's Standing Orders.

16.10 The Council shall not be obliged to accept the lowest or any tender.

16.11 The results of the tender exercise will be reported to Full Council. No tenderer will be identifiable by reason of coded title until a decision has been approved.

17 **Payments under Contracts for Building or other Construction Works**

17.1 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.

17.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the Full Council.

17.3 Any variation to a contract or addition to or omission from a contract must be approved by the Town Clerk in writing, the appropriate Committee being informed where the final cost is likely to exceed the financial provision.

18. **Inventories**

18.1 Inventories shall be maintained and in these shall be recorded an adequate description of furniture, fittings, equipment, plant and machinery.

18.2 The Council's property shall not be removed otherwise than in accordance with the ordinary course of the Council's business or used otherwise than for Council purposes except in accordance with specific permissions/direction issued by the Town Clerk or Committee.

19. **Travelling, Subsistence and Financial Loss**

19.1 All claims for travelling, subsistence and financial loss shall be submitted on a certified form, approved by the Town Clerk or by the Mayor (or

nominated substitute) if they are the expenses of the Town Clerk, made up to the specified day of each month, no less frequently than every three months and no later than 7 days after the end of the financial year for expenses arising from that financial year.

- 19.2** Payment to Councillors, including co-opted Councillors of the Council or its Committees, who are entitled to claim travelling or other allowance will be made by the RFO upon receipt of the correct form properly completed and authorised by the Town Clerk.

DATE AGREED BY COUNCIL: 21 November 2018