

LUTTERWORTH TOWN COUNCIL FINANCIAL REGULATIONS
(RFO: The Responsible Financial Officer for Lutterworth Town Council is the Town Clerk)

1. GENERAL

- 1.1 These financial regulations shall 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 responsible financial officer (RFO) under the policy direction of the Town Council shall be responsible for the proper administration of the council's financial affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.

2. ANNUAL ESTIMATES

- 2.1 Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the RFO.
- 2.2 The Town Council shall review the estimates at the end of November in each year and agree the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.
- 2.3 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

3. BUDGETARY CONTROL

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in each approved budget heading.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate budget unless a virement has been approved by the Town Council.
- 3.3 The RFO shall provide the Town Council with an income and expenditure summary on a monthly basis, as part of the Town Council agenda, with quarterly reports to date being presented to the Administration, Finance and Development Committee under each heading of the approved annual revenue and capital budgets.
- 3.4 The clerk may incur expenditure on behalf of the council which is necessary to carry out any repair, replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1,000. The clerk shall report the action to the Town Council as soon as practicable thereafter.

In the absence of the Town Clerk, the Events / Accounts Administration Officers be authorised to incur urgent expenditure for safety reasons up to the amount of £1,000 in consultation with the Town Mayor, or in their absence, the Deputy Town Mayor. The Premises Supervisor can incur expenditure up to the amount of £200 in the case of an emergency.

- 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 that approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Town 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 Town Council are satisfied that it is contained in the capital fund and that the necessary monies 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 2011.

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 (currently to 31 March) and shall submit them to and report thereon to the Town Council.

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 RFO shall be responsible for maintaining an adequate and effective system of internal audit of the council's accounting, financial and other operations in accordance with regulation 6 of the Accounts and Audit Regulations 2011. Any officer or member of the council shall, if the RFO requires, make available such documents of the council which relate to their accounting and other records as appear to the RFO to be necessary for the purpose of the audit and shall supply the RFO with such information and explanation as the RFO considers necessary for that purpose.

4.5 The Town Council will appoint a person independent of the Council to undertake a detailed internal audit review. This will be completed on an annual basis, usually at the end of the financial year.

A planning meeting takes place each year to discuss the Council's activities and any issues arising. During the year, the Council has an internal audit function as part of its Risk Management Policy.

5. BANKING ARRANGEMENTS AND CHEQUES

5.1 The council's banking arrangements shall be made by the RFO and approved by the Town Council. Two funds shall be maintained at one or more bank or building society; a current account and a capital project account to be invested with several institutions to guarantee that all monies are protected in line with the Financial Conduct Authority Savings Limits.

5.2 A schedule of the payment of money shall be prepared by the RFO twice a month and together with the relevant invoices etc presented to the Town Council. If the schedule is in order it shall be authorised by a resolution of the Town Council and signed by the two councillors on a rota basis and the Town Clerk.

5.3 Payments to be made by BACS or cheques drawn on the current and capital project accounts in accordance with the schedule referred to in the previous paragraphs shall be signed by two councillors and the Clerk (RFO). Employees to be paid by the preferred method of BACS providing that no control is removed.

6. PAYMENTS OF ACCOUNTS

6.1 All payments shall be effected by BACS or cheque or other order drawn on the council's bankers provided that the schedule referred to at 5.2 above is adhered to in order to ensure that no internal control is removed.

6.2 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.

- 6.3 Duly certified invoices shall be passed to the Accounts and Administration Officer, who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head. They shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.4 When the Accounts and Administration Officer is satisfied that invoices are in order they shall pass them to the Clerk for final certification.
- 6.5 All duly certified invoices will then be entered on the schedule referred to in 5.2 above.
- 6.6 The Town Council do not have petty cash arrangements.

7. PAYMENT OF SALARIES AND WAGES

- 7.1 The payment of all salaries and wages shall be made by the Accounts and Administration Officer from the current account - three signatures, two councillors and the Town Clerk.
- 7.2 All time sheets shall be certified as to accuracy by or on behalf of the clerk.

8. LOANS AND INVESTMENTS

- 8.1 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 the Town Council at the earliest opportunity.
- 8.2 All investments of money under the control of the council shall be in the name of the council.
- 8.3 All borrowings shall be effected in the name of the council.
- 8.4 All investment certificates and other documents relating hereto shall be retained in the custody of the RFO.

9. INCOME

- 9.1 The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts due to the council.
- 9.3 The council will review all fees and charges annually, following a report of the clerk.
- 9.4 Any debts shall be reported to the Town Council.
- 9.5 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.
- 9.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 9.7 Every transfer of official money from one member of staff to another shall be signed for by the receiving officer.
- 9.8 Personal cheques shall not be cashed out of money held on behalf of the council.

10. ORDERS FOR WORKS, GOODS AND SERVICES

- 10.1 An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders issued shall be maintained.

10.2 Approved expenditure books shall be controlled by the RFO.

10.3 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. CONTRACTS

11.1 Procedures as to the contracts are laid down in the council's standing orders at Point 56:

- (a) Every contract whether made by the council or by a committee / working party 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 / working party 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, sewage and telephone services
 - (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants
 - (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant
 - (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council
 - (v) for goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price
- (b) Where it is intended to enter into a contract:
 - (i) exceeding £2,500 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the RFO shall invite quotations from at least three firms.
 - (ii) for expenditure of £2,500 or less in value the Town Council may use its discretion in inviting three quotations.
 - (iii) exceeding £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the RFO shall invite tenders from at least three firms, whilst satisfying the requirements of the Public Contracts Regulations 2015, to include use of the 'Contracts Finder' website..
- (c) 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.
- (d) Every exception made by a committee / working party 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.
- (e) Such invitation to tender shall state the general nature of the intended contract and the clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the clerk and the last date by which such tenders should reach the 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.

- (f) All sealed tenders shall be opened at the same time, on the prescribed date, by the clerk or the properly authorised deputy in the presence of the Town Mayor and Deputy Town Mayor.
- (g) 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.
- (h) Any invitation to tender issued under this standing order shall contain a statement of the effect of Standing Order 45.
- (i) The council shall not be obliged to accept the lowest or any tender.

12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract.
- 12.2 Where contracts require 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 appropriate committee / working party.
- 12.3 Any variation to a contract, addition to, or omission from a contract must be approved by the clerk in writing, the appropriate committee / working party being informed where the final cost is likely to exceed the financial provision.

13. STORES AND EQUIPMENT

- 13.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 13.2 Delivery notes 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.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for an annual check of all stocks and stores.

14. PROPERTIES AND ESTATES

- 14.1 The clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the council. The RFO shall ensure a record is maintained of all properties owned by the council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with regulation 5(3)(b) of the Accounts and Audit Regulations 2011.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the council, save where the estimated value of any one item does not exceed £500.

15. INSURANCE

- 15.1 The RFO shall effect all insurances and negotiate all claims on the council's insurers.
- 15.2 The RFO shall give prompt notification of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.
- 15.4 The RFO shall be notified of any loss, liability or damage or any event likely to lead to a claim.

15.5 All appropriate employees of the council shall be included in a suitable fidelity guarantee insurance.

16. REVISION OF FINANCIAL REGULATIONS

16.1 It shall be the duty of the Administration, Finance & Development committee to review the financial regulations of the council on an annual basis and to make such recommendations to the council as the committee considers are required.