

27. FINANCIAL REGULATIONS AND RISK MANAGEMENT

27.1 FINANCIAL ADMINISTRATION

- a The CEO, under the direction of the Finance Key Area Group, shall regulate and control the finances and accounts of the Town Council and supervise and co-ordinate financial and accounting methods.
- b The Responsible Financial Officer shall be responsible, under general direction from the CEO, for the proper administration of the Council's financial affairs and the production of financial management administration, in line with the requirements of the Accounts and Audit Regulations.
- c The Responsible Finance Officer, under the direction of the Finance Key Area Group, shall appoint annually an internal auditor to perform a minimum of two audits per year covering the Council's financial transactions and a review of financial systems and processes employed.
- d The internal auditor will produce written reports on each visit highlighting items for action and/or concern; such reports will be made available by the Responsible Finance Officer to the Finance Key Area Group.

27.2 FINANCIAL PLANNING AND ANNUAL ESTIMATES

- a The CEO shall each year recommend to the Town Council a programme for consideration of estimates, to include adequate time for such discussions between the Finance Key Area Group, the Planning Committee, other Key Area Groups and Council.
- b Detailed estimates of income and expenditure on revenue accounts, shall be prepared each year by the CEO, in consultation with the Responsible Financial Officer, who will examine and complete the estimates and submit them to the Planning Committee or Key Area Groups responsible for the services by the prescribed date.
- c The Finance Key Area Group shall review the estimates and submit them to the Council not later than December in each year, together with such summaries, statements and reports as are considered desirable in order to enable Council to determine the precept to be levied for the ensuing year.
- d Concurrently with the report of the Council and the proposed precept to be levied for the ensuing year, the CEO shall report proposed Capital Projects in order that approval and funding for the following years may be determined.

27.3 BUDGETARY CONTROL

- a Expenditure on the revenue account may be incurred up to the amounts included in the approved budget, subject to the requirements of standing orders.
- b The CEO has powers to vire amounts up to £1,000 provided within the approved revenue budget, except in the case of sums provided for pay and allowances or when any continuing expenditure is to be generated, subject to consultation with the Chairman of the Finance Key Area Group.
- c Expenditure may not be incurred which cannot be met from the amount provided within the net revenue budget or when overspending is likely to result in the year unless a request for a supplementary estimate has been submitted to the Finance Key Area Group. This regulation shall apply where such event would result in an increase in net cost within the financial year.
- d Except as provided in standing orders, all proposals involving expenditure on capital account shall be the subject of an annual report to the appropriate Key Area Group and the report shall include the full financial implications of the proposals, including future revenue costs.
- e The Finance Key Area Group shall carry out a review of the expenditure and income of the Council at the same time as it undertakes its evaluation of the following year's budgetary requirements. This exercise shall be extended to include future years by utilising a financial model.
- f The Finance Key Area Group shall receive monitoring reports outlining the progress of expenditure and income on the revenue and capital budgets at each meeting. This will include details of any virements made during the interim.
- g At the end of each financial year an out-turn budget shall be submitted to the Finance Key Area Group.

27.4 INCOME

- a The collection of all sums due to the Council shall be under the supervision of the Responsible Financial Officer, who shall make and maintain adequate arrangements for prompt and proper accounting for all cash, including its collection, custody, control and deposit.
- b The Town Council will agree the scale of fees and charges for each service on, at least, an annual basis following a report of the CEO.
- c Personal cheques shall in no circumstances be cashed out of money held on behalf of the Council.

27.5 BANKING ARRANGEMENTS

- a All arrangements with the Council's Bankers shall be made by or under arrangements approved by the CEO who shall be authorised to operate such banking accounts as they may consider necessary. Such arrangements shall be in line with the Council's policy on limiting ALL financial investments to the High Street Clearing Banks and the top ten Building Societies.
- b. All schedules approving requests for payment, to include by cheque, BACS or other monetary payment mechanism, shall first be approved in accordance with the bank mandate, currently any 2 from 5 specified Members, plus the CEO (or in his absence, the RFO). A consolidated list of payments must also be provided, at least 3 times per year, to all Members of the Council for inspection.

The list of specified Member signatories shall be limited to the Town Mayor and Deputy Town Mayor of the Council, the Chairman and Vice Chairman of the Finance Key Area Group and the Chairman of the Strategic Planning, Economy and Transport Key Area Group (Council minute 298 refers).

Authorisation of payment requests can be in-person at the council offices or via email where the details of the payee, the amount to be paid and description of the goods/services being provided.

- c The opening of a new bank account to be reported to Council at the next meeting.
- d A bank reconciliation will be presented at each Finance Key Area Group meeting made up to the latest bank statement available.

27.6 ORDERING PROCEDURES

- a Official Orders, except for items (i) and (ii) below, shall be issued for all work, goods or services to be supplied to the Council and such orders should be signed by the CEO or the Officer with specific responsibility for the budget.
 - i) Where a quote or estimate is received for the supply of weekly/monthly goods or services and the amounts charged are of a varying nature, for example, window cleaning, a letter from the Council, signed by the CEO or the Officer with specific responsibility for the budget, confirming acceptance of the quote or estimate, may replace the official order.
 - ii) The Council's charge card may be used at the discretion of the CEO or the Responsible Finance Officer where either there is a financial advantage to the Council or the purchase of goods or services can be obtained only through the use of the charge card, for example, internet only sites or travel and subsistence while out on Council business.

- iii) The maximum amount that may be spent using the charge card within any one billing period is £5,000, split equally between the CEO and Responsible Finance Officer.
- b Each Order raised shall conform with the directions of the Council with respect to Orders.
- c All requests for goods and services issued by the Council will include a requirement for contractors and suppliers to meet all appropriate legislation, including Health and Safety at Work and British Standards.

27.7 PAYMENT PROCEDURES

- a Apart from petty cash, the normal method of payment of money due from the Council shall be by cheque / Bacs or other order drawn on the Council's bankers.
- b Before payment of accounts is made the Council's Officer responsible must be satisfied that the goods have been received or works undertaken, are in accordance with the specification, that the account is correctly made out and that the relevant expenditure has been properly incurred. The CEO will only then authorise payment.
- c The payment of all salaries, wages and other emoluments shall be made by the Responsible Financial Officer in accordance with the instructions of the CEO concerning national pay awards and other information likely to have a bearing on individual members of staff conditions of service.
- d The approval of the Finance Key Area Group is required for any increase in the limit over £30,000 of the monthly submission to NatWest via BACS for payment of staff salaries.
- e The Responsible Financial Officer is responsible for keeping all payments of salary and wages information fully up-to-date, including information on pensions, income tax, national insurance and the like.
- f All such payments shall be authorised by the Council on an annual basis.

27.8 PETTY CASH ACCOUNT

- a The Responsible Financial Officer, or their nominated subordinate, shall:
 - i) maintain petty cash of such amount as may, from time to time, be necessary for the payment of small miscellaneous items and such urgent payments as may be determined.
 - ii) ensure vouchers for payments made from these accounts shall be kept in accordance with instructions laid down from time to time by the CEO.

- iii) ensure income received in excess of £50 is not be paid into any petty cash account but must be separately banked in accordance with financial regulations.
 - iv) where required, allow the use of the company debit card to withdraw cash for the purposes of topping-up the petty cash balance. Each withdrawal must be approved the Finance KAG Chairperson or vice-Chairperson and a receipt provided accordingly.
- b The Responsible Financial Officer undertakes a quarterly petty cash audit.

27.9 LEGAL DOCUMENTS

- a The CEO shall have custody of all Title Deeds of properties owned by the Council and shall ensure a record is maintained of all such properties and that all such documents are securely kept and maintained within the Council's Safe.

27.10 INSURANCE

- a The Responsible Finance Officer, in consultation with the CEO, shall effect all insurance cover and negotiate all claims.
- b All members of staff with line responsibility are responsible for notifying in writing the Responsible Financial Officer of all new risks which require to be insured and of any alterations affecting existing risks or insurances. These shall also be added to the Inventory and where applicable the Asset Register.
- c A comprehensive record of all insurances effected by the Council and the property and risks covered thereby shall be maintained and this reviewed annually. Any goods shall be automatically added to this record.
- d All members of staff are responsible for immediately notifying the Responsible Financial Officer, of any loss, liability or damage, or of any event likely to lead to a claim.

27.11 INVESTMENTS, BORROWINGS AND TRUST FUNDS

- a All investments of money under the control of the Council shall be in the name of the Council and made under arrangements approved by the CEO. All borrowings shall be effected in the name of the Council.

27.12 INVENTORY

- b An inventory shall be maintained and therein shall be recorded an adequate description of furniture, fittings and equipment, plant and machinery. The Responsible Finance Officer, in consultation with the CEO, shall be responsible for maintaining an annual check of all items on the inventory, for taking action in relation to surpluses and deficiencies and amending the inventory accordingly.

27.13 SECURITY

- a Each Officer shall be responsible for maintaining proper security at all times for all buildings, stocks, furniture, equipment and cash etc. under their control. Each Officer shall consult, in the first instance, with the Responsible Finance Officer and, if necessary, the CEO, in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- b The safes shall be kept locked at all times when not in use and keys to the safes and other receptacles shall be under the responsibility and control of the Responsible Financial Officer. Any loss of such keys must be reported to the Responsible Financial Officer forthwith.

27.14 SECTION 137, LOCAL GOVERNMENT ACT 1972

- a Where Council has not exercised its powers in relation to specific expenditure items under the Power of Wellbeing (see standing order 22), the Finance Key Area Group will, on an annual basis, declare all that expenditure which is not covered by statutory powers as required by the 1972 Local Government Act (as amended by the Local Government Housing Act 1989).

27.15 REVISION OF FINANCIAL REGULATIONS

- a It shall be the duty of the Finance Key Area Group to review the Financial Regulations of the Council from time to time and, after consultation with any other Key Area Groups concerned, to make such recommendations to the Town Council. The Responsible Financial Officer shall be responsible for the implementation of all of the requirements of the Accounts and Audit Regulations, reporting to the Council as appropriate.

27.16 RISK MANAGEMENT

- a The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically and efficiently.

- b The Council's Risk Management Process is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The Risk Management Process is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically and produce a balanced and proportionate response.
- c The implementation of the Council's Risk Management Process will be implemented in line with the Council's published Risk Management Policy.

27.17 INSPECTION AND COPYING OF FINANCIAL DOCUMENTS

- a Each year the Council's Financial Annual Return is audited by an external auditor appointed by the Audit Commission. On reasonable notice, any local elector and/or Councillor has the opportunity to inspect and make copies of the Annual Return and all related books, deeds, contracts, bills, vouchers and receipts relating to it (excluding documentation that contains personal information regarding a member of staff).