



**RYDE TOWN COUNCIL**  
**FINANCIAL REGULATIONS**

**May 2017**

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## **RYDE TOWN COUNCIL**

### **FINANCIAL REGULATIONS**

These Financial Regulations were adopted by the Council at its Meeting held on 12<sup>th</sup> May 2008, and amended on 11 January 2010, 12 May 2014, 7 September 2015, 1 February 2016 and 15 May 2017

#### **1. GENERAL**

- 1.1 These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council.
- 1.2 The Responsible Financial Officer (RFO) shall be appointed by the council. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices.
- 1.3 The RFO shall produce financial management information as required by the council.
- 1.4 Prior to approving the annual return the council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices. The review will take place on an annual basis
- 1.5 The council shall review these financial regulations annually. The Responsible Financial Officer shall make arrangements to monitor changes in legislation or proper practices and shall advise the council of any requirement for a consequential amendment to these financial regulations.
- 1.6 The Council may delegate some of its powers and responsibilities under these Regulations to its Committees

#### **2. ANNUAL BUDGET**

- 2.1 The RFO shall prepare an annual budget not later than the end of November to be considered by the council. This shall include where possible detailed estimates of all estimates of all receipts and payments including the use of reserves and all sources of funding for the year'
- 2.2 The Council shall review the budget not later than the end of February each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 2.3 The annual budget shall form the basis of financial control for the ensuing year.

#### **3 BUDGETARY CONTROL**

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. During the budget year and with the

approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.

- 3.3 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared (at least at the end of each financial quarter).
- 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 Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the council.
- 3.5 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.
- 3.6 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 in accordance with the Accounts and Audit Regulations 2003 or other statutory instrument which may supersede those regulations.
- 4.2 The RFO shall complete the annual financial statements of the Council, including the council's annual return, as soon as practicable after the end of the financial year and in any case by the statutory date and shall submit them and report thereon to the Council.
  - The annual return is in four sections:
    - The Statement of Assurance
    - The Accounts
    - The External Auditor's Certificate and Opinion
    - The Internal Audit's report
- 4.3 The RFO shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices (regulation 5 of the Accounts and Regulations 2003). Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.

- 4.4 The Internal Auditor shall be appointed by and shall carry out the work required by the council in accordance with proper practices. The Internal Auditor, shall be **competent** and **independent** of the operations of the Council, and the RFO shall report the Auditors findings to Council in writing, or in person, on a regular basis, with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the council.
- 4.5 The council shall consider and act on any items appearing in the internal audit report for the financial year just ended.
- 4.6 The council shall consider and act on any items appearing in the external audit report for the financial year just ended.
- 4.7 Sections 1 and 2 of the Annual Return shall be completed and approved by the council and signed and dated by the Chairman and the Clerk and the minute reference recorded.
- 4.8 The RFO shall make arrangements for the opportunity for public inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.
- 4.9 The RFO 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 nature.

## **5. BANKING ARRANGEMENTS AND CHEQUES**

- 5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of any payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO and, together with the relevant invoices, be presented to Council and if in order it shall be authorised for payment by a resolution of the Council.
- 5.3 Cheques drawn on the bank account shall be signed by two members of Council. The signatories shall each also initial the cheque counterfoil. The authorised signatories shall be the Mayor and Deputy Mayor, Chairman and/or Vice Chairman of Finance Committee, Chairman and/or Vice Chairman of Planning Committee and these will be approved each year by the Council at its AGM.
- 5.4 The RFO shall be a signatory for the Council's banking arrangements and the authorised person to undertake payments by electronic transfer. In the event of the RFO being unavailable to make electronic payments, this will be undertaken by the Clerk.

## **6 PAYMENT OF ACCOUNTS**

- 6.1 All payments shall be effected by cheque, standing order, direct debit or electronic transfer drawn on the Council's bankers. Urgent payments including

those referred to in Section 6.4 below may be made online by the RFO, or the Clerk in the RFO's absence, subject to the payments being reported in advance on the 15<sup>th</sup> of the month to the Chairman of the Finance Committee or in his absence to the Vice Chairman of the Finance Committee. The RFO has delegated authority for the payment of approved community and marketing grants by electronic transfer as approved by the Finance Committee and Full Council.

- 6.2 Payment of monthly rent will be made by Standing Order, but no Standing Order will be set up without prior approval of the Council. Payment for utility supplies (energy, telephone, water) may be made by variable direct debit, but no direct debit will be set up without prior approval of the Council. All payments by direct debit will be reported by the RFO to the Finance Committee on a quarterly basis.
- 6.3 The Clerk shall present for approval all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.4 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the RFO certify that there is no dispute or other reason to delay payment, 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 for ratification.
- 6.5 The Council will maintain a cash float not exceeding £250, transactions from which will be recorded by the Clerk and RFO and reported to the Finance Committee with the Annual Accounts. Cash payments made by staff will be refunded on a regular basis, at least quarterly.
- 6.6 No payments will be made on behalf of other organisations.

## **7 PAYMENT OF SALARIES**

- 7.1 As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. It shall be the responsibility of the RFO to *oversee and* verify the payment of salaries and for such payment to be approved by the council.
- Variation in hours to basic salary payment shall be agreed by the council and certified payment made by arrangement through the RFO. Any changes to agreed hours will be approved by the council.
- 7.2 The RFO should be notified of any excess in contractual hours and approval for payment for these should be sought from the Mayor or Chairman of the Finance Committee.
- 7.3 Payments of monthly salary will be made online on or near to the 15<sup>th</sup> of each calendar month from the Councils bank account by the RFO, or in his absence 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 in accordance with Council policy and should be reported to the council for approval.
- 8.2 All investments of money under the control of the Council shall be in the name of the Council.
- 8.3 All borrowings and application for borrowing approval shall be approved and be affected in the name of the Council. The terms and conditions of borrowings shall be reviewed at least annually.
- 8.4 All investment certificates and other documents relating thereto 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 agreed annually by the Council, notified to the RFO and the RFO shall be 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 RFO.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council at the next meeting for consideration and appropriate action.
- 9.5 All sums received on behalf of the Council shall be banked intact within 1 week of receipt by the RFO.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The RFO 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.

## **10 CONTRACTS AND ORDERS FOR WORKS, GOODS AND SERVICES**

- 10.1 Procedures to be followed for the procurement of goods, services and works are to be in accordance with the Councils Contract Standing Orders and Procurement Code of Practice which forms an Appendix to the Councils Standing Orders.
- 10.2 Every contract shall comply with these financial regulations. No exceptions shall be made except for the exceptional circumstances detailed in the Contract Standing Orders. In such cases a contract waiver form shall be completed for approval by Full Council. The regulations shall not apply to contracts which relate to the following items:

- For the supply of gas, electricity, water, sewerage and telephone services;

- For additional audit work of the external Auditor up to an estimated value of (£250) (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of Council);

10.3 The Clerk to the Council, or appointed Officer authorised by Full Council, shall have delegated authority to procure and award goods, works or services to a maximum of **£5,000** per contract without prior approval of the Full Council, unless it is considered that the goods, works or services being procured are of a politically sensitive nature or are strategically important to the Council. In these circumstances the authority of the Full Council will be required.

## **11. PAYMENTS UNDER CONTRACTS ORDERED UNDER SECTION 10**

11.1 Payments in accordance with the contract shall be made within the time specified in the contract by the RFO upon authorised certificates of the engineer, architect or other appointed consultant(s) engaged to supervise the contract in the case of works or services contracts, and upon the authority of the Clerk to the Council in the case of goods or supplies up to the value of authority stated in clause 10.3 above (subject to any percentage withholding as may be agreed in the particular contract).

11.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. 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 of 5% or more a report shall be submitted to the Council.

11.3 Notwithstanding the provisions of clause 12.2 to these financial regulations any variation to a contract or addition to or omission from a contract must be approved by the Full Council and Clerk to the Contractor in writing, the Full Council being informed where the final cost is likely to exceed the financial provision.

## **12 ASSETS, PROPERTIES AND ESTATES**

12.1 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 Accounts and Audit Regulations.

12.2 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 £100.

12.3 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

12.4 The Town Council are required to publish information on Town Council land and Properties in accordance with the requirements of the Local Government Transparency Code 2015 (**Refer to Clause 15 below**)



### **13 INSURANCE**

- 13.1 Following the annual risk assessment (per Financial Regulation 15), the RFO shall effect all insurances and negotiate all claims on the Council's insurers and shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 13.2 The RFO 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.
- 13.3 The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 13.4 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it and report to council for approval.
- 13.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance, which shall cover the maximum risk exposure as determined by the Council.

### **14 RISK MANAGEMENT**

- 14.1 The council is responsible for putting in place arrangements for the management of risk. The RFO shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
- 14.2 When considering any new activity, the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

### **15 LOCAL GOVERNMENT TRANSPARENCY CODE 2015**

- 15.1 The Town Council shall act in accordance with the Local Government Transparency Code 2015 issued by the Secretary of State for Communities and Local Government in exercise of his powers under section 2 of the Local Government, Planning and Land Act 1980 ("the Act") to issue a Code of Recommended Practice (the Code) as to the publication of information by local authorities about the discharge of their functions and other matters which he considers to be related.
- 15.2 The Code does not replace or supersede the existing legal framework for access to and re-use of public sector information provided by the:
- Freedom of Information Act 2000 (as amended by the Protection of Freedoms Act 2012)
  - Environmental Information Regulations 2004

- Re-use of Public Sector Information Regulations 2005
- Infrastructure for Spatial Information in the European Community (INSPIRE) Regulations 2009, and
- Sections 25 and 26 of the Local Audit and Accountability Act 2014 which provide rights for persons to inspect a local authority's accounting records and supporting documentation, and to make copies of them.

15.2 The Town Council shall publish quarterly the following information:

- Expenditure exceeding £500
- Procurement information

15.3 The data and information referred to above will be:

- First published within a period of three months from the date on which the Council last published that data under the Local Government Transparency Code 2014 and no later than one month after the quarter to which the data and information is applicable
- Publish the data and information quarterly thereafter and on each occasion no later than one month after the quarter to which the data and information is applicable.

## **15.4 Information to be published Quarterly**

### **15.4.1 Expenditure exceeding £500**

The Town Council will publish details of each individual item of expenditure that exceeds £500. This includes items of expenditure consistent with Local Government Association guidance, and will include:

- Individual invoices
- Grant payments
- Expense payments
- Payments for goods and services
- Grants
- Grant in aid
- Rent
- Credit notes over £500, and
- Transactions with other public bodies.

For each individual item of expenditure the following information will be published:

- Date the expenditure was incurred
- Local authority department which incurred the expenditure
- Beneficiary
- Summary of the purpose of the expenditure
- Amount
- Value Added Tax that cannot be recovered and merchant category (e.g. computers, software etc).

#### **15.4.2 Procurement information (Refer also to the Councils Contract Standing Orders and Procurement Code of Practice)**

The Town Council will publish details of every invitation to tender / quote for contracts to provide goods and/or services with a value that exceeds £5,000. For each invitation, the following details will be published:

- Reference number
- Title
- Description of the goods and/or services sought
- Start, end and review dates

The Council will also publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds **£5,000**. For each contract, the following details will be published:

- Reference number
- Title of agreement
- Description of the goods and/or services being provided
- Supplier name and details
- Sum to be paid over the length of the contract or the estimated annual spending or budget for the contract
- Value Added Tax that cannot be recovered
- Start, end and review dates
- Whether or not the contract was the result of an invitation to quote or a published invitation to tender, and

Whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number.

### **15.5 Information to be Published Annually**

### **15.5.1 Town Council Land and Properties**

The Council will publish details of all land and building assets including:

- All service and office properties occupied or controlled by user bodies, both freehold and leasehold
- Any properties occupied or run under Private Finance Initiative contracts
- All other properties they own or use, for example, hostels, laboratories, investment properties and depots
- Garages unless rented as part of a housing tenancy agreement
- Surplus, sublet or vacant properties
- Undeveloped land
- Serviced or temporary offices where contractual or actual occupation exceeds three months, and
- All future commitments, for example under an agreement for lease, from when the contractual commitment is made.

Information about the following land and building assets are to be excluded from publication:

- Rent free properties provided by traders

The data and information in this Part will be:

First published within a period of one year from the date on which the Town Council last published that data under the Local Government Transparency Code 2014 and not later than one month after the year to which the data and information is applicable.

Published annually thereafter and on each occasion not later than one month after the year to which the data and information is applicable.

For each land or building asset, the following information must be published together in one place:

- Unique Property Reference Number
- Unique asset
- Name of the building/land or both
- Street name – this is the postal road address
- Post town
- United Kingdom postcode
- Map reference

### **15.5.2 Grants to Voluntary, Community and Social Enterprise Organisations**

The Town Council will publish details of all grants to voluntary, community and social enterprise organisations. This will be achieved by either:

- Tagging and hence specifically identifying transactions which relate to voluntary, community and social enterprise organisations within published data on expenditure over £500 or published procurement information, or
- By publishing a separate list or register.

For each identified grant, the following information must be published as a minimum:

- Date the grant was awarded
- Time period for which the grant has been given
- Local authority department which awarded the grant
- Beneficiary
- Beneficiary's registration number (Charity or Company Registration Number)
- Summary of the purpose of the grant, and
- Amount.

### **15.5.3 Constitution**

The Town Council shall make their Constitution available for inspection at their offices under section 9 of the Local Government Act 2000, and also publish their Constitution on their website.