



# BODMIN TOWN COUNCIL

## FINANCIAL REGULATIONS

### 1. General

- 1.1 These Financial Regulations shall govern the conduct of the financial management by the Council and may only be amended or varied by resolution of the Council. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of financial control, including arrangements for the management of risk and for the following:
- prevention and detection of inaccuracies, fraud and corruption;
  - safeguarding of public money;
  - sound system of financial control; and
  - demonstrates how the Council meets its responsibilities and requirements.
- 1.2 The Responsible Financial Officer (RFO) under the policy direction of the Finance, Staffing and Performance Management Committee (FSPM Committee) shall act as the Council's s151 Officer and be responsible for the proper administration of the Council's financial affairs, in accordance with proper practices as set out by CIPFA/LASAAC, JPAG and NALC.
- 1.3 The RFO shall be responsible for the production of financial management information.
- 1.4 At least once a year, prior to approving the statement of accounts, the Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.5 These Regulations should be read in accordance with the Council's Standing Orders and other policies including those relating to procurement, treasury management, credit management and information security.
- 1.6 Breach of these Financial Regulations may constitute Gross Misconduct and could trigger an investigation via the Council's Disciplinary Procedure.
- 1.7 Members of the Council are expected to abide by the Cornwall Code of Conduct for City, Community, Parish and Town Councils and follow these Financial Regulations and not seek to circumvent or entice employees to breach them. Failure to adhere to these Financial Regulations and the Code of Conduct can lead to reputational harm bringing your office or the Council into disrepute.

### 2. Annual Budget

- 2.1 Each Manager shall formulate suggestions for their department to be

considered by the appropriate committee, which then shall formulate and submit proposals to the FSPM Committee in respect of revenue services and capital projects for inclusion in the rolling capital programme.

- 2.2 Detailed estimates of income and expenditure shall be prepared each year by the RFO to comply with current legislation.
- 2.3 The FSPM Committee shall review the budget and submit them to the Council not later than the third Thursday in 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 budget.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall consider the need for and shall have regard to a three year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual budget. The Council shall also consider the level and use of reserves and sources of funding at least on an annual basis.

### 3. **Budgetary Control**

- 3.1 Expenditure on the revenue items may be incurred up to the amounts included in each approved budget. Large un-spent available amounts may be moved to other budget headings or to an earmarked reserve as appropriate by resolution of the Council.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate committee revenue budget unless a virement has been approved by the FSPM Committee or the Council. *(The Accounts & Audit Regulations define virement as the transfer of resources from one budget head to finance additional spending on another budget head).*
- 3.3 The RFO shall periodically provide all Members of the Council with a statement of income and expenditure to date under each head of the approved annual revenue and capital budgets. These statements are to be prepared regularly and distributed by e-mail. Year-to-date budget reports will also be included as a Standing item of business on the agenda of each and every Finance, Staffing & Performance Management Committee.
- 3.4 The RFO shall report any and all budgetary variances over and above 15% at least quarterly to all Members of the Council and distributed via e-mail.
- 3.5 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 £(figure to be agreed at Adjourned Annual Council Meeting). The Town Clerk shall report the action to the appropriate committee as soon as

practicable thereafter.

- 3.6 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within that committee's approved budget, it shall be subject to the provisions of a supplementary estimate approved by the FSPM Committee or the Council.
- 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 items unless the committees concerned are satisfied that it is contained in the rolling capital 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 in accordance with the Accounts and Audit Regulations.
- 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 FSPM Committee. The Annual Accounts for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- 4.3 The Council shall ensure that there are adequate and effective systems of internal audit of the Councils accounting, financial and other operations in accordance with proper practices. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents as necessary for the purpose of the internal audit and shall supply such information and explanation.
- 4.4 The Internal Audit shall be carried out annually and the Auditor appointed by the FSPM Committee and shall carry out the work required by the Council in accordance with proper practices. The internal audit shall be competent and independent of the operations of the Council, shall report to Council in writing, or in person with at least one written report in respect of each financial year. In order to demonstrate objectivity and independence, the Internal Auditors 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 following principles shall be observed, where practicable, 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.

4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers and for the display or publication of any Notices and statements of account required by the Audit Commission Act 1998 sections 15 and 16 and Accounts and Audit (England) Regulations 2011 (SI 2011 No. 817).

4.7 The RFO shall, as soon as possible, bring to the attention of all Councillors any correspondence or report from the Internal or External Auditor, unless it is of a purely administrative matter.

## 5. **Payment of Accounts**

5.1 Apart from petty cash payments, all payments shall be effected by BACS (Bankers Automated Clearing Services) cheque, standing order, or direct debit, drawn on the Council's bankers.

5.2 All invoices for payment shall be examined and verified by the Officer issuing the order. Before verifying an invoice, the Officer shall satisfy himself / herself that the work, goods or services to which the invoice relates, have been received, carried out, examined and approved. A second Officer (wherever possible), and usually a line manager, will certify the invoice.

5.3 Duly certified invoices shall be passed to the Accountancy Assistant who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head. S/he shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt or as agreed with the supplier in accordance with the Late Payment of Commercial Debts (Interest) Act 1998. In order that a Schedule of Monthly Accounts can be drawn up, this will normally be within the calendar month following the month of invoice. Suppliers will be paid by BACS wherever possible.

5.4 All duly certified invoices will then be entered on the schedule referred to in 6.1 below.

5.5 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Officers on leaving employment must repay any petty cash held. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement:

a) The RFO shall maintain a petty cash float to a limit agreed by the Council and reviewed annually for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment

b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.

- 5.6 If thought appropriate by the RFO, payment for utility supplies and contracts for authorised services / service level agreements may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to Council as made.

## 6. **Banking Arrangements and Cheques**

- 6.1 The Council's banking arrangements, including the bank mandate shall be made by the RFO and approved by Council. They shall be regularly reviewed for efficiency.
- 6.2 A schedule of the payment of accounts, forming part of the Agenda for the meeting, including items paid out of committee, shall be prepared by the Accountancy Assistant and together with the relevant invoices etc presented to the Council or FSPM Committee. If the schedule is in order it shall be authorised by a resolution of the Council and paid by the most efficient means.
- 6.3 Payment methods itemised below shall draw on the appropriate Bodmin Town Council bank accounts in accordance with the schedule referred to in the previous paragraph and shall be authorised by the Council as follows:
- Cheques – by two Councillors and the Town Clerk or the RFO;
  - ACH payments – processed by an Accountancy Assistant and authorised by the Town Clerk or RFO;
  - CHAPS – by two Councillors and the Town Clerk or the RFO;
  - Standing Orders - by two Councillors and the Town Clerk or the RFO;
  - Direct Debits – by two Councillors and the Town Clerk or the RFO; and
  - Online payment methods such as PayPal – the RFO shall authorise expenditure of £(figure to be agreed at the Adjourned Annual Council meeting).

All payments shall be made in accordance with the Council's bank mandate.

- 6.4 Transfer of money between bank accounts within the same bank, to maximise interest, can only be authorised by the Town Clerk or RFO.

## 7. **Payment of Salaries and Wages**

- 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. The payment of all salaries and wages shall be made by the Council's appointed payroll administrators via BACS as authorised by the RFO.
- 7.2 All time sheets shall be certified as to accuracy by the employee's line manager and verified by the RFO prior to authorisation of payroll.
- 7.3 Travel Expenses – all Council employees should use the pool vehicle

wherever possible when travelling on Council business. Where this is not possible all travel within Cornwall and to Plymouth and Exeter may be made by car at the appropriate NJC rate. Outside of this area, in the interests of best value, a standard rate rail fare (plus taxi fees to and from station as appropriate) would be paid. All claims for travel and other expenses should be submitted to the RFO within seven days of the month end. Authorisation must be an Approved Manager.

Employees and Members of the Council utilising their own vehicle for travel within Cornwall and to Plymouth and Exeter must have in place the appropriate level of 'business use' insurance with the appropriate documentation provided to the RFO for examination before travel expenses can be authorised for payment.

- 7.4 Time Off In Lieu (TOIL) – TOIL as approved by departmental line managers must only be taken in accordance with the Councils approved guidelines and subject to the operational requirements of Council business.

## 8. **Loans and Investments**

- 8.1 The Council has a Treasury Management including the Annual Investment Strategy which is in accordance with relevant regulations, proper practices and guidance.
- 8.2 All borrowings shall be in the name of Bodmin Town Council. Any application for borrowing approval should include the terms and conditions of any borrowing and must be approved by the Council.

All loans and investments shall be for a set period of time in accordance with the Council's Treasury Management including the Annual Investment Strategy. This Strategy shall be reviewed at least annually. Changes to loans and investments should be reported to the FSPM Committee at the earliest opportunity.

- 8.3 All borrowings and operations leases shall be effected in the name of the Council. All such agreements be authorised by the FSPM Committee and documents signed by the Town Clerk or RFO (as appropriate) as Proper Officer.
- 8.4 All investment certificates and other documents relating thereto shall be signed by the Town Clerk and retained by the RFO.
- 8.5 All investments should be undertaken by an appropriately qualified professional and performance regularly reviewed against benchmarks.

## 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 Town Clerk 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, as part of the budget setting process.
- 9.4 Bad debts – Bad debts shall only be written off following application of the Credit Management Guidelines. Debts below the de-minimis level set by the Council at the Adjourned Annual Council Meeting may be written off by the RFO. Debts above this limit may only be written off following approval by the FSPM Committee. Any sums found to be irrecoverable and any bad debts be reported to the Council and shall be written off in the year.
- 9.5 All sums received on behalf of the Council, including credit cards, electronic receipts for payments (i.e. BACS / PayPal etc) shall either be a direct payment into the Council's bank account or paid to the officer/contractor 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, receipt, daily banking sheet etc.
- 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.
- 9.9 The RFO shall promptly complete any VAT return that is required. Any repayment claim due in accordance with the VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 9.10 Wherever possible more than one person should be present when cash is counted, and that there is reconciliation to some form of control such as ticket issues, and that the appropriate care is taken in the security and safety of individuals banking such cash.
- 9.11 All staff handling Council income must sign the Council's Information Security Policy.

## 10. **Orders for Work, Goods and Services**

- 10.1 An official order letter / e-mail shall be issued by authorised Officers only, 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.
- 10.2 Order 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. Where practicable, Officers should strive to obtain at least three quotes for works under £(figure to be agreed at the Adjourned Annual council meeting).

- 10.4 The Town Clerk shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchase or payments, the RFO or Town Clerk shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

## 11. **Contracts**

### 11.1 **Procedures as to the contracts are laid down as follows:**

a) 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 Financial Regulations, and no exception from any of the following provisions of these regulations shall be made otherwise than by direction of the Council or in an emergency by such a committee as aforesaid provided that these regulations 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;
- 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) for expenditures of £(figure to be agreed at Adjourned Annual Council Meeting) or less in value the Town Clerk or the duly authorised officer shall have executive power.
- ii) exceeding £(figure to be agreed at Adjourned Annual Council Meeting) 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 Town Clerk shall invite quotations from at least three firms.
- iii) The procurement and award of contracts covered by the Public Contracts Regulations 2015 which have an estimated



value above the threshold set in those regulations (currently £25,000) must satisfy the requirements of the 2015 Regulations including the requirement to use the Contracts Finder website.

- iv) Expenditure greater than £(figure to be agreed at Adjourned Annual Council Meeting) must be subject to formal written tender process or the preferred bidder route as expressly approved by the Council for each project.
- v) Where contracts exceed European Commission Procurement Thresholds tenders need to comply with European legislation as well as the requirements of the Public Contracts Regulations 2015.
- 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 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 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 (this requirement relates to both electronic delivery of mail and traditional postal methods). Each tendering firm shall be provided with the same and all necessary information with which to formulate a tender and remain sealed (where possible) until the prescribed date for opening tenders for that contract. All tenders when received shall be endorsed with date and time of receipt, either by automated receipt for e-mails and manual date stamp for traditional post.
- f) All sealed tenders shall be opened at the same time on the prescribed date by the Town Clerk or the properly authorised officer in the presence of at least one member of the Council. Where suitably qualified professionals (i.e. Surveyor etc) have been engaged to provide a report and recommendation to Council, tenders may be opened by them providing each tender is opened and recorded in order and in the presence of at least 1 other member of their staff. This process should be recorded by the professional firm and a copy report provided to Council.
- g) If less than three tenders are received for contracts valued above £(figure to be agreed at Adjourned Annual Council Meeting) or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods for materials

or executing the works.

- h) Any invitation to formal written tender issued under Financial Regulation 11 b) iii) shall contain a statement summarising paragraphs 11 e), g), i) and j)
- i) The Council shall not be obliged to accept the lowest or any tender but should lead to principles of Best Value (efficiency, effectiveness, value for money and environmental impact) which should be taken into account at all times.
- j) Late Tendering - Any tenders received after the specified time shall be returned promptly to the tenderer by the Town Clerk or by any professional engaged by the Council to facilitate the tender process, with a suitable covering letter. The tender may be opened to ascertain the name of the tenderer but no details of the tender shall be disclosed.
- k) Errors and Discrepancies in Tenders - Where examination of tenders reveals errors or discrepancies which would affect the tender figure in an otherwise successful tender, the tenderer is to be given details of such errors and discrepancies and afforded an opportunity of confirming or withdrawing his offer. If the tenderer withdraws, the next tenderer in competitive order is to be examined and dealt with in the same way. Any exception to this procedure may be authorised only by, or on behalf of, the Sub-Committee or Committee concerned after consideration of a report by the Town Clerk or authorised Officer.
- l) Performance Bonds - Where a contract is estimated to exceed £(figure to be agreed at Adjourned Annual Council Meeting) in value or amount and is for the execution of works (or for the supply of goods or materials by a particular date or series of dates) the Town Clerk shall consider whether the Council should require security for its due performance and shall either certify that no such security is necessary or, in consultation with appropriate officers, shall specify in the conditions of tender the nature and amount of the security to be given. In the latter event, the Council shall require and take a bond or other sufficient security for the due performance of the contract.

## 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 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 appropriate committee.

- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Town Clerk in writing, as instructed by the appropriate committee 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 including responsibility for ensuring that staff completes the appropriate stock control documentation.
- 13.2 Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regard to quality and/or quantities at the time delivery is made and signed as received on the delivery note which is passed into the accounts office.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The Departmental Managers shall be responsible for arranging an annual check of all stocks and stores and inventory.
- 13.5 The RFO shall be responsible for carrying out periodic audit of stock and stores at intervals deemed appropriate to monitor stock control and at least annually to ensure robust processes are in place.

### 14 **Assets, Properties and Estates**

- 14.1 The Town Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council including recording the location, extent, plan reference, purchase details, nature of interest, tenancies granted and rents payable. 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.
- 14.2 No property shall be purchased, leased or otherwise acquired without the authority of the Council. A written report to Council regarding any proposed property acquisition should include any relevant and pertinent supporting information such as planning permissions, covenants, land use constraints etc together with a valuation report, surveyors report / schedule of dilapidation / condition and a business case to underpin and inform the Council's decision making process.
- 14.3 No property shall be sold, leased or otherwise disposed of without the authority of the Council.
- 14.4 The RFO shall ensure that an appropriate and accurate Register of Assets, rents, leases, contracts, loans and Investments is kept up to

date. The continued existence of tangible assets shown in the Register shall be verified at least annually in accordance with current legislation.

## 15 Insurance

- 15.1 The Town Clerk in consultation with the RFO shall effect all insurances and negotiate all claims on the Council's insurers. Such insurance shall be subject to competitive tender process a minimum of every 5 years in line with the special discount negotiated for long term agreements and in accordance with the Public Contracts Regulations 2015.
- 15.2 The Town Clerk shall in co-operation with the RFO take prompt action to ensure all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The Town Clerk and the RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and review the scope and extent of the cover annually at renewal time.
- 15.4 The Town Clerk and 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.
- 15.5 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.
- 15.6 Security – Each employee is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash and all property belonging to the Council under their control. Keys to safes and similar receptacles are to be carried on the person of those responsible at all times, any loss of such keys must be reported to the Town Clerk or RFO immediately.

## 16 Risk Management

- 16.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk with 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.
- 16.2 When considering any new activity, the project leader shall prepare a draft risk assessment including risk management proposals for consideration by the Town Clerk / RFO prior to adoption by the Council.

## 17. Revision of Financial Regulations

- 17.1 It shall be the duty of the FSPM Committee to review the Financial Regulations of the Council from time to time. Monetary values will be assigned to the various regulations detailed above at the Adjourned

Annual Council Meeting.

- 17.2 The Town Clerk and RFO 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.

18 **Alternative Formats**

- a) The Equality Act 2010 - copies of this document in large print (A3 format) or larger font size, or recorded onto tape as a 'talking book' can be made available for those with sight impairment on request from the Council office or by telephoning 01208 76616 or via e-mail [policy@bodmin.gov.uk](mailto:policy@bodmin.gov.uk)
- b) The Council can also arrange to provide versions in other languages for staff, contractors or suppliers whose first language is not English.

19 **Freedom of Information**

In accordance with the Freedom of Information Act 2000, this document will be posted on the Council's website [www.bodmin.gov.uk](http://www.bodmin.gov.uk) and copies of this document will be available for inspection on deposit in the Council office.