

# WEYMOUTH TOWN COUNCIL

## FINANCIAL REGULATIONS AND INTERNAL FINANCIAL CONTROLS

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### **Distribution:**

Internal: All WTC Staff

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## **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 Full Council. Financial Regulations are one of the Council's governing policy documents providing procedural guidance for Councillors and officers. Financial Regulations must be observed in conjunction with the Council's Standing Orders and any individual financial regulations relating to contracts.

1.2. 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 internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.

1.3. The Council's accounting control systems must include measures:

- for the timely production of accounts;
- that provide for the safe and efficient safeguarding of public money;
- to prevent and detect inaccuracy and fraud; and
- identifying the duties of officers.

1.4. These Financial Regulations demonstrate how the Council meets these responsibilities and requirements.

1.5. At least once a year, prior to approving the Annual Governance Statement, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.

1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

1.7. Members of the Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute.

1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council. The Town Clerk has been appointed as RFO for this Council and these regulations will apply accordingly.

1.9. The RFO;

- acts under the policy direction of the Council;
- administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices;
- determines on behalf of the Council its accounting records and accounting control systems;
- ensures the accounting control systems are observed;
- maintains the accounting records of the Council up to date in accordance with proper practices;
- assists the Council to secure economy, efficiency and effectiveness in the use of its resources; and
- produces financial management information as required by the Council.

1.10. The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the Council from time to time comply with the Accounts and Audit Regulations.

1.11. The accounting records determined by the RFO shall in particular contain:

- entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate;
- a record of the assets and liabilities of the Council; and
- wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

1.12. The accounting control systems determined by the RFO shall include:

- procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
- procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
- identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
- procedures to ensure that uncollectable amounts, including any bad debts, with a value exceeding £5,000 are submitted to the Finance and Governance Committee for approval to be written off; and
- measures to ensure that risk is properly managed.

1.13. The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

- setting the final budget or the precept (council tax requirement);
- approving accounting statements;
- approving an annual governance statement;
- borrowing;
- writing off bad debts exceeding £5,000;
- declaring eligibility for the General Power of Competence; and
- addressing recommendations in any report from the internal or external auditors.

1.14. In addition, the council must:

- determine and keep under regular review the bank mandate for all Council bank accounts;
- approve any grant or a single commitment in excess of £100,000; and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the HR committee in accordance with its terms of reference.

1.15. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

1.16. In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils - a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

## **2. Accounting and Audit (Internal and External)**

2.1. All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.

2.2. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman or a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Finance and Governance Committee.

2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the Council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.

2.4. The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or Councillor of the Council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.

2.5. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices.

2.6. The internal auditor shall:

- be competent and independent of the financial operations of the Council;
- report to Council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
- to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
- has no involvement in the financial decision making, management or control of the Council

2.7. Internal or external auditors may not under any circumstances:

- perform any operational duties for the Council;
- initiate or approve accounting transactions; or
- direct the activities of any Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

2.8. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.

2.9. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.

2.10. The RFO shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

### **3. Annual Estimates (Budget) and Forward Planning**

3.1. The Finance and Governance Committee shall review its three-year forecast of revenue and capital receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the Full Council not later than the end of January each year including any proposals for revising the forecast.

3.2. The RFO must each year, by no later than November, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Finance and Governance Committee and subsequently by Full Council.

3.3. The Council shall consider annual budget proposals in relation to the Council's three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.

3.4. The Council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each Member with a copy of the approved annual budget.

3.5. The approved annual budget shall form the basis of financial control for the ensuing year.

3.6. The RFO shall aim to maintain a minimum reserve amount equivalent to three months gross expenditure. This level shall be reviewed regularly to consider known capital projects which may impact on levels of reserves and cash flow during the year.

### **4. Budgetary Control and Authority to Spend**

4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority to spend is to be determined by the Scheme of Delegation of Financial Responsibility to Spending Officers (Appendix A)

Contracts may not be disaggregated to avoid controls imposed by these regulations.

4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget that relates to a service budget area, but excluding employee costs, other than by resolution of the Finance and Governance Committee. During the budget year, the RFO, 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 ('virement'). All budget virements exceeding £25,000 will be reported to Finance and Governance Committee for approval.

4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year. Unspent budgets for uncompleted capital projects may be carried forward following approval of the Town Clerk.

4.4. The salary budgets are to be reviewed at least annually in November for the following financial year. The RFO will inform the Chairman of the Finance and Governance Committee of any changes impacting on their budget requirement for the coming year in good time.

4.5. In cases of extreme risk to the delivery of Council services, the Town Clerk may authorise revenue expenditure on behalf of the Council which in the Clerk's judgement it is strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with. For the purposes of this paragraph, the circumstances invoked to justify extreme urgency must not in any event be attributable to the council. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £100,000. The Town Clerk shall report such action to the Chairman of the Finance and Governance Committee as soon as possible and to the Finance and Governance Committee as soon as practicable thereafter.

4.6. No expenditure shall be authorised 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 and the requisite borrowing approval has been obtained.

4.7. All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

4.8. The RFO shall provide the Finance and Governance Committee with a statement of income and expenditure 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. An explanation of all material variances shall be given to the Finance and Governance Committee.

4.9. Changes in earmarked reserves shall be approved by Full Council as part of the budgetary control process.

## **5. Banking Arrangements and Authorisation of Payments**

5.1. The Council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by Full Council; banking arrangements may not be delegated to a Committee. Any transfer of monies between bank accounts shall be made by the Town Clerk and the Business and Finance Manager, and in the absence of one, by a designated Councillor approved by the Full Council.

5.2. All invoices for payment shall be examined, verified and certified by the relevant budget holder in accordance with the Scheme of Delegation of Financial Responsibility to Spending Officers, or the RFO as appropriate, to confirm that the work, goods or services to which each invoice relates has been received.

5.3. Relevant budget holders in accordance with the Scheme of Delegation of Financial Responsibility to Spending Officers, or the RFO, or designated officers as appropriate, shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading.

5.4. The RFO or any delegated Finance Officer shall post invoices to the appropriate expenditure heading in the general ledger following authorisation by the budget holder.

## **6. Instructions for the Making of Payments**

6.1. The council will make safe and efficient arrangements for the making of its payments.

6.2. The RFO shall have delegated authority to process payments in respect of all authorised items of expenditure as and when, and on a timely basis, to ensure that all invoices are paid in accordance with terms as far as is practicable.

6.3. All payments shall be effected by BACs. In exceptional circumstances where payment is required by cheque, these shall be signed by the Town Clerk and Business and Finance Manager, and in the absence of one, by the Deputy Town Clerk or a designated Councillor.

6.4. Where internet banking arrangements are made with any bank, the Town Clerk and the Business and Finance Manager shall be appointed as Systems Administrators. The bank mandate approved by the Full Council shall clearly state the officers and Councillors authorised to approve transactions, and the value of those transactions.

6.5. Corporate credit cards and trade card accounts opened by the Council shall be specifically designated to named officers, as approved by the Town Clerk and Business and Finance Manager and shall be subject to automatic payment in full each month. Personal credit or debit cards of officers or Councillors shall not be used under any circumstances.

6.6. The Business and Finance Manager shall maintain petty cash floats for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the Finance Officers and retained to substantiate each claim for reimbursement.

## **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. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by Council.

7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts.

7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the HR committee.

7.4. Each and every payment to employees of net salary and to the appropriate creditors of the statutory and discretionary deductions shall be confidential. These confidential records are not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:

a) by any councillor who can demonstrate a need to know;

b) by the internal auditor;

c) by the external auditor; or

d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.

7.5. The payroll process shall be undertaken by the Business and Finance Manager in conjunction with the Town Clerk or other senior officer. Forms for new starters and all subsequent changes to staff terms and conditions, shall be authorised by the Line Manager, the Business and Finance Manager and the Town Clerk.

7.6. Any termination payments shall be supported by a clear business case and reported to the HR Committee. Termination payments shall only be authorised by Full Council.

## **8. Loans and Investments**

8.1. All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing shall be approved by the Full Council as to terms and purpose

8.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State, such as hire purchase or leasing of tangible assets, shall be subject to approval by the Full Council

8.3. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with the Council's Annual Investment Strategy which shall be reviewed by the Council at least annually

8.4. All investments and money under the control of the Council shall be in the name of the Council

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

## **9. Income**

9.1. Councillors and Officers are responsible for obtaining value for money and best return for the Council (financial and otherwise.)

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

9.3. Fees and charges to be made for work done, services rendered, or goods supplied shall be reviewed and agreed annually by Full Council, following a report by the Town Clerk. Charges shall be notified to the RFO and the RFO shall be responsible for the collection of accounts due to the Council.

9.4. Any sums found to be irrecoverable and any bad debts shall be written off by the RFO in the year. All such sums and debts in excess of £5,000 shall be reported to the Finance and Governance Committee prior to such items being written off.

9.5. All sums received on behalf of the Council shall be banked intact 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. Personal cheques shall not be cashed out of money held on behalf of the Council.

9.7. The Business and Finance Manager shall promptly complete any VAT Return that is required. Any repayment claims due in accordance with VAT Act 1994 section 33 shall be made monthly.

9.8. Where any significant sums of cash are regularly received by the Council, the RFO shall determine the steps and reasonable measures to determine the procedures that are adopted when the cash is counted in the first instance, that there is a reconciliation to some form of control, and that appropriate care is taken in the security and safety of individuals banking such cash.

9.9. Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the Council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any Council meeting.

9.10 Where income generation falls within the Concession Contracts Regulations 2016 then the procedures and limits contained within Regulation 11.1 part i) shall apply.

## **10. Orders for Work, 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 shall be retained.

10.2. All members and officers are responsible for obtaining value for money at all times.

10.3. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11.1 below.

10.4. A Councillor may not issue an official order or make any contract on behalf of the Council.

## **11. Contracts**

11.1. Procedures as to contracts are laid down as follows:

a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:

- i. for the supply of gas, electricity, water, sewerage and telephone services;
- ii. for specialist services such as are provided by solicitors, accountants, architects, surveyors, planning consultants and other similar professional services where where suitable and compliant contractual provisions are in place to manage ongoing work with a service provider'. This regulation does not apply to new areas of work where prior knowledge of a case or a specific area of work is not required;
- 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 additional audit work of the external auditor; and

vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

b) Where the Council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the Council shall comply with the relevant requirements of the Regulations<sup>1</sup>.

c) The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)<sup>2</sup>.

d) A public contract in connection with the supply of gas, heat, electricity, drinking water, transport services, or postal services to the public; or the provision of a port or airport; or the exploration for or extraction of gas, oil or solid fuel with an estimated value which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (or other updated thresholds determined every two years and published by Crown Commercial Services) shall comply with the relevant procurement procedures and other requirements in the Utilities Contracts Regulations 2016

e) When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Town Clerk.

f) 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 in the ordinary course of post. Unless the tendering process is to be managed through an E-tendering system, each tendering organisation shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.

g) All sealed tenders shall be opened at the same time on the prescribed date by the Town Clerk or nominated Officer in accordance with the agreed procedures set out by the Town Clerk.

h) Any invitation to tender issued under this regulation shall be subject to Standing Orders 35 and shall refer to the terms of the Bribery Act 2010.

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<sup>1</sup> The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

<sup>2</sup> Thresholds currently applicable (as of February 2021) are shown below. These are due to be revised in :

a) For public supply and public service contracts £189,330

b) For public works contracts £4,733,252

i) When it is to enter into a contract for which the anticipated value is as indicated below the following method of awarding the contract will apply.

- i. Below £5,000 - Delegated to officers to place the order with the most appropriate supplier subject to Regulations 10.2 and 10.3 above.
- ii. £5,000 to £24,999 - When it is to enter into a contract of less than £25,000 (but above £5,000) 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 Town Clerk or nominated officer shall strive to obtain 3 quotations.
- iii. £25,000 to £49,999 - When it is to enter into a contract of less than £50,000 (but above £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 Town Clerk or nominated officer shall obtain 3 written quotations obtained through a formal quotation process which is advertised openly on the Contracts Finder website, as required by Procurement Policy Note 07/16<sup>3</sup>.
- iv. If it is not possible to obtain three quotations as per ii) and iii) above, for example if the service is of such a specialist nature that three providers do not exist, the details will be recorded by the Business and Finance Manager.
- v. £50,000 to £189,330 - shall be awarded through open competition by formal quotes based upon a specification published as required by The Regulations, and advertised openly on the Contracts Finder website, as required by Procurement Policy Note 07/16<sup>3</sup>.
- vi. £189,330 and over shall be awarded through open competition by formal invitation to tender process based upon a specification published as required by The Regulations, advertised openly via the Find A Tender and Contracts Finder websites.

j) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

k) All evaluations will be completed fairly, and equitably to all bidders, by a panel group rather than any one individual, and it should be subject to any conflict of interest policy the council to ensure impartiality of decision making

k) Should it occur that the Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision-making process was being undertaken.

l) The Council shall publish details of any awarded contract valued over £5,000 on its website in accordance with the Transparency Code 2015, and all awarded contracts valued over £25,000 on the Contracts Finder website as required by Procurement Policy Note 07/16.

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<sup>3</sup> <https://www.gov.uk/government/publications/procurement-policy-note-0716-legal-requirement-to-publish-on-contracts-finder>

## **12. Payments under Contracts for Building or Other Construction Works (Public Works Contracts)**

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 (subject to any percentage withholding as may be agreed in the particular contract).

12.2. 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 Full Council.

12.3. Any variation to a contract or addition to or omission from a contract must be approved by the Town Clerk to the contractor in writing, the Full Council 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 function shall be responsible for the care and custody of stores and equipment in that function.

13.2. Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.

13.3. Stocks shall be kept at the minimum levels consistent with operational requirements.

13.4. The Business and Finance Manager shall be responsible for periodic checks of stocks and stores at least annually.

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

14.1. The Town Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council.

14.2. The Council shall ensure a record is maintained of all properties held 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.

14.3. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Finance and Governance Committee, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £25,000.

14.4. No real property (interests in land) shall be purchased or acquired without the authority of the Full Council. In each case a report in writing shall be provided to Full Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case.

14.5. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Full Council, together with any other consents required by law. In each case a report in writing shall be provided to Full Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case.

14.6. 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.

## **15. Insurance**

15.1. Following the annual risk assessment (per Regulation 17), the RFO shall effect all insurances and negotiate all claims on the Council's insurers in consultation with the relevant officers.

15.2. The Town Clerk and nominated officers shall give prompt notification to the Business and Finance Manager of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

15.3. The Business and Finance Manager 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 Town Clerk shall be notified of any loss liability or damage or of any event likely to lead to a claim.

15.5. All appropriate members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

## **16. Charities**

16.1. Where the Council is sole managing trustee of a charitable body the Town Clerk (RFO) shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission.

16.2. The Town Clerk shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

## **17. Risk Management**

17.1. The Council is responsible for putting in place arrangements for the management of risk. The Town Clerk 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.

17.2. When considering any new activity, the Town Clerk or nominated officers shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## **18. Suspension and Revision of Financial Regulations**

18.1. It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Town Clerk and Business and Finance Manager 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.

18.2. The Council may, by resolution, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all Councillors.

## **INTERNAL FINANCIAL CONTROLS & INTERNAL CONTROL SYSTEMS**

### **1. General**

- 1.1. The Council has Standing Orders, Financial Regulations and Policies and Procedures in place which act as the framework for financial and other internal controls within the Council. All staff are required to act in accordance with these rules and regulations when carrying out their duties.
- 1.2. The Responsible Finance Officer (RFO) has a statutory responsibility under section 151 of the Local Government Act 1972 to “make arrangements for the proper administration of [the Council’s] financial affairs.
- 1.3. The Council has adopted Financial Codes of Practice and Accounting and requires managers to ensure that departmental instructions exist in relation to the Council’s activities.
- 1.4. The Council has developed and is committed to having in place systems and procedures which incorporate efficient and effective internal controls, adequate separation of duties wherever possible, and risk and performance management

### **2. Internal Controls**

- 2.1. The Responsible Finance Officer (RFO) has a statutory responsibility under section 151 of the Local Government Act 1972 to “make arrangements for the proper administration of [the Council’s] financial affairs”.
- 2.2. A system of checks and balances shall be in place to ensure no one person has control over all parts of a financial transaction.
  - 2.2.1. All purchases, payroll and disbursements shall be authorised in accordance with the Scheme of Delegation of Financial Responsibility to Spending Officers.
  - 2.2.2. The receipting of customer payments shall be undertaken by a different Finance Officer to the officer that raised the sales invoices.
  - 2.2.3. Managers shall approve and sign payroll overtime payments, expenses and travel claims, before the payroll is prepared.
  - 2.2.4. The payroll shall be checked by the RFO or Business and Finance Manager with a senior officer countersigning and checking the payments, before auctioning by the payroll officer.
- 2.3. The Council’s bank statement shall be reconciled every month.
  - 2.3.1. The bank reconciliation shall be completed every month and filed with the bank statements.
  - 2.3.2. The bank reconciliation shall be checked, signed and dated each month by someone other than the person completing the reconciliation. In most instances the RFO or Business and Finance Manager shall check the completeness of the reconciliation and the Chairman of the Finance and Governance Committee will review, sign and date the reconciliation on a quarterly basis.
  - 2.3.3. Holding accounts for tickets and other goods sold on behalf of third parties shall be reconciled every month.

2.4. The Council's corporate credit cards shall be used for business purposes only.

2.4.1. It is strictly prohibited to use corporate credit cards for personal use with subsequent re-imburement.

2.4.2. Corporate credit cards shall be kept securely when not in use

2.4.3. All purchases by corporate credit cards shall have a purchase order where possible, and be supported by a VAT invoice and/or a receipt for the purchase, as applicable.

2.4.4. Purchasing limits as defined by the Scheme of Delegation of Financial Responsibility to Spending Officers shall apply when any officer uses a corporate credit card.

2.5. The Council's fuel cards and trade cards shall be used for business purposes only

2.5.1. It is strictly prohibited to use fuel and trade cards for personal use with subsequent reimbursement.

2.5.2. All fuel purchases shall include the driver name and vehicle registration number.

2.6. Council provided mobile devices shall be used only in accordance with the requirements as laid down in the Council's policy regarding the proper use of mobile devices.

2.7. Petty Cash floats shall be the responsibility of the officer to whom they are assigned and held securely by that responsible officer.

2.7.1. All expenditure shall be accompanied by a petty cash slip signed by delegated officer and accompanied by a VAT receipt where applicable.

2.7.2. The petty cash slip shall detail a summary of the goods purchased.

2.7.3. Petty cash floats shall be reconciled monthly and checked by the RFO or Business and Finance Manger prior to a replenishment cheque or transfer being prepared and issued for signature by two designated officers and / or Councillors in accordance with Annex B.

2.8. Cheques payable to cash shall be limited to the reimbursement of petty cash only. Only in exceptional circumstances, and with the authority of the RFO, shall any other cheque be payable to cash

### **3. Internal Audit**

3.1. The Council shall employ an independent auditor to carry out internal audits of the Council's systems and procedures. Such a review shall seek to ensure that financial controls are operating effectively and provide assurance that the Council's services are operating in an effective, efficient and economic manner.

3.2. The Council shall facilitate effective internal audit by enabling full access to its premises and records to enable reasonable tests and checks to be undertaken, and to ensure that the internal auditor is able to request and receive any explanations as are necessary concerning any matter under examination

## ANNEX A

### Scheme of Delegation of Financial Responsibility to Spending Officers

This council delegates spending responsibilities to certain officers, and with certain limits. This list has recently been reviewed and is as follows:

<b>Officer</b>	<b>Limit</b>
Town Clerk and Responsible Finance Officer	Any expenditure that is within the budgets approved by Full Council
Deputy Town Clerk	Any expenditure that is within the budgets approved by Full Council
Business & Finance Manager (Deputy Responsible Finance Officer)	Any expenditure that is within the budgets approved by Full Council
The following officers have delegated spending responsibility for the budgets approved by Full Council and delegated to them as part of their job responsibilities	
<b>Parks and Open Spaces</b>	
Parks and Open Spaces Manager	Any expenditure that is within the budgets approved by Full Council and delegated to their role.
Parks Operations and Development Supervisor	£10,000
Parks and Open Spaces Officer	£5,000
<b>Operations</b>	
Operations Manager	Any expenditure that is within the budgets approved by Full Council and delegated to their role.
Beach Manager	£25,000
Contracts and Facilities Officer	£25,000
Beach Supervisor	£10,000
Events Manager	£10,000
Senior Building Services Engineer	£10,000
Community Development Officer	£5,000
Weymouth Town Centre Manager	£5,000
Catering Supervisor	£1,000
Cleansing Senior Supervisor	£500
<b>Central Staff</b>	
Development Project Manager	£10,000
Marketing & Communications Officer	£500

**Where an authorisation would result in an individual budget being overspent then the necessary virement should be approved and actioned before authorisation takes place.**

It is an expressed requirement of this Protocol that all Officers abide by the following:-

- Standing Orders/Financial Regulations.
- Procurement Strategy particularly in respect of the threshold figures for seeking quotations.
- Any expenditure must be authorised from an approved budget
- Any leasing of equipment can only be entered into with the specific approval of the Responsible Financial Officer/Town Clerk.
- Any breach of any aspect of this Protocol will lead to action under the Disciplinary Procedure.
- Credit card and trade card authorisation is limited to £500 for all above officers with the exception of the Town Clerk, Deputy Town Clerk and Business and Finance Manager or can authorise amounts up to the limit of the card.

## **ANNEX B**

### **RESPONSIBLE FINANCIAL OFFICER - DUTIES AND RESPONSIBILITIES**

The Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's financial affairs. Allowing that delegation to other members of staff is necessary, the RFO's duties and responsibilities are to:

1. Prepare financial reports for the Council and Committees as required. These reports shall cover budget monitoring, fund balances, receipts, payroll, payments of accounts and other relevant financial matters
2. Prepare draft estimates which, when approved by the Council will form the annual budget for monitoring and control purposes, as well as report on comparisons between actual and budgeted expenditure to appropriate committees and the Council
3. Submit the precept to the unitary authority or any successor principal authority
4. Control the banking of all money received and payments expended by the Council, manage cash flow and control investments and bank transfers
5. Ensure that all money due to the Council is invoiced, collected and banked promptly
6. Identify the duties of all officers responsible for financial transactions and ensure, as far as possible, the division of responsibilities of those officers to avoid potential conflict
7. Control and manage all payments by BACS, direct debit, cheque and cash
8. Undertake the overall management of payroll and ensure the timely payment of salaries, income tax and national insurance, other statutory payments, Pension contributions and voluntary deductions at the correct times
9. Ensure the timely submission of VAT returns
10. Ensure that all invoices for payment are allocated to the correct expenditure heads
11. Ensure the timely production of the Annual Return and Accounting Statements for external audit and report to the appropriate committee and Council in accordance with appropriate legislation
12. Monitor compliance with the Council's Financial Regulations
13. Maintain the Council's Asset Register as required by paragraph 14.6 of the Regulations
14. Ensure all appropriate insurances are in place

## ANNEX C

### **SAFEGUARDING PUBLIC MONEY – REPEAL OF SECTION 150(5) OF LGA 1972**

Following the repeal of Section 150(5) of the Local Government Act 1972, Local Councils in England may safely take advantage of modern payment methods while protecting the public assets in their care, through the application of the Joint Practitioners Advisory Group Paper (JPAG Issue 20120725) entitled "*Safeguarding Public Money - A framework to safeguard public money for Local Councils in England*". This Paper is detailed in the National Association of Local Councils' (NALC's) *The Good Councillors' Guide* under Section 7 - Rules for Dealing with Public Money.

In accordance with the guidance provided in JPAG Issue 20120725, Local Councils, through the roles and responsibilities of Councillors, must have in place safe and efficient arrangements to safeguard public money (clause 15), and review regularly the effectiveness of their arrangements (clause 14). Councils must arrange for:

1. The proper administration of their financial affairs by ensuring that controls over money are embedded in Standing Orders and Financial Regulations, and
2. Establish an officer as holding responsibility for those affairs, such as the RFO

Members must note that although councils may delegate the role of protecting money to individuals, for example to the Town Clerk or the RFO, legal responsibility cannot be delegated and will always remain with the Council and its Councillors.

Furthermore, the requirement under the repealed Section 150(5) of the LGA, as stated under clause 10 of the guidance, that '*every cheque or other order for the payment of money shall be signed by two Councillors of the Council*' is no longer law. Nevertheless, this remains good practice and may only be relinquished provided that Councils have put in place safe and efficient arrangements in accordance with clause 15 of the JPAG guidance. Such arrangements must include:

3. Councils approving every bank mandate
4. Holding a list of authorised signatures for each account
5. Determining the limits of authority for each account signature and
6. Determining the limits of authority for any amendments to mandates