



# **STRATFORD-UPON-AVON TOWN COUNCIL**

## **FINANCIAL REGULATIONS**

**(The Financial Regulations together with the Standing Orders adequately covers necessary controls. However, it is advised that both sets of regulations are read concurrently)**

### **1 GENERAL**

- 1.1 These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.
- 1.2 The Town Clerk, also known as the Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.
- 1.4 If the Town Clerk is absent for longer than a standard holiday period, the responsibilities of the RFO will be temporarily deferred to the Deputy Town Clerk (DTC). In their absence also, matters relating to financial procedures in general are brought before the Chairman of the Finance & Audit Committee and if necessary, the Mayor. Similarly, work completed by the DTC requiring supervision/approval, whilst acting as Town Clerk, should also be brought before the Chairman of the Finance & Audit Committee and if necessary, the Mayor.

### **2 ANNUAL ESTIMATES**

- 2.1 Each Committee shall formulate and submit draft proposals to the Finance & Audit Committee in respect of revenue and capital costs for the following financial year not later than the end of October each year.
- 2.2 The RFO will be responsible for providing estimates of all receipts and payments for the year.

- 2.3 The Finance & Audit Committee shall review the estimates not later than the end of December 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 estimates.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council's Standing Committees shall have regard to a three year forecast of revenue and capital projects and will submit these to the Finance & Audit Committee who will advise Council after consideration of these forecasts.

### **3 BUDGETARY CONTROL**

- 3.1 Expenditure may be incurred up to but not exceeding the amounts included in the approved revenue budget, unless it is of an emergency nature, as covered in the provisions of 3.3, notwithstanding the agreed contingency for each spending Standing Committee which equates to 10% of its overall budget.
- 3.2 The Finance & Audit Committee will be provided with a statement of receipts and payments to date under each head of budgets, comparing actual expenditure against that planned.
- 3.3 The RFO, in consultation with the Chairman or Deputy Chairman of the Finance & Audit Committee 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 made safe at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £10,000. The RFO shall report the action to the Council as soon as practicable thereafter.
- 3.4 Any unspent provisions in the revenue budget shall be transferred to the revenue reserves, unless previously ring-fenced by 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 as required by the Accounts and Audit Regulations 2015 as amended.
- 4.2 The RFO shall be responsible for the completion of the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
- 4.3 The RFO shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 2015 as amended, or set by the Auditor.
- 4.4 The RFO shall be responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 2015 as amended. 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.
- 4.5 The Internal Auditor shall carry out the work required by the RFO, on behalf of the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as required annually by the External Auditor. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.

- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers required by the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 as amended.
- 4.7 The RFO shall, as soon as practicable, bring to the attention of all councillors any report or adverse correspondence from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

## **5 BANKING ARRANGEMENTS AND CHEQUES**

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Finance & Audit Committee. They shall be regularly reviewed for efficiency.
- 5.2 Cheques drawn on the bank account shall be signed by two members of the Council.
- 5.3 To indicate agreement of the details shown on the cheques, the signatories shall each also sign the payment schedule, which details the listing, showing expenditure and identifying cheque payment details.

## **6 ONLINE BANKING AND PAYMENTS**

- 6.1 Whenever possible, suppliers of work, goods and services to the Council shall be requested to provide confirmation of their bank details to enable online payment.
- 6.2 Where regular monthly payments are made, a direct debit or standing order shall be created by the DTC or Finance & Facilities Officer (FFO). The details shall be shown on an authorisation form which shall be signed by two members of the Council. The DTC or FFO shall monitor these monthly payments as they appear on the bank statement to ensure expenditure corresponds to invoices received for payment.
- 6.3 For other online payments, details shall be entered by the DTC or FFO and shall be approved by two members of the Council, who shall access the online payment system through use of a secure computer and their own personal login and password.

- 6.4 To indicate agreement of the details used for online payments, the approvers shall each also sign the online payment schedule, which details each electronic payment approved, showing expenditure and identifying online payment details.

## **7 PAYMENT OF ACCOUNTS**

- 7.1 All payments shall be effected by cheque or other order drawn on the Council's bankers other than where it is more efficient for a cash payment to be made not exceeding £50.00, at the discretion of the RFO.
- 7.2 All invoices for payment not exceeding £500.00 shall be certified by the FFO. The FFO shall satisfy him/herself that the ordering officer has confirmed that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 7.3 All invoices for payment exceeding £500.00 shall be certified by either the RFO or DTC. The RFO or DTC shall satisfy him/herself that the ordering officer has confirmed that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 7.4 In the absence of the RFO and DTC, the FFO may consult with the Chairman of the Finance & Audit Committee or the Mayor to authorise payment of invoices.
- 7.5 The ordering officer and the FFO shall jointly examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading.
- 7.6 The FFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the FFO with a claim for reimbursement:
- (i) The FFO shall maintain a petty cash float not exceeding £250.00 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
  - (ii) Income received relating to refreshments or stamps, etc. can be paid into the petty cash float, providing that the amount is not more

that £15.00. Amounts greater than £15.00 must be separately banked, as provided elsewhere in these regulations.

## **8 PAYMENT BY DEBIT CARD**

- 8.1 The Council will establish a standalone bank account for the specific purpose of administering debit card payments.
- 8.2 The bank account will not exceed £550.00.
- 8.3 The RFO is authorised to make ad-hoc debit card payments up to but not exceeding £500.00.
- 8.4 Vouchers for payments made from debit card transactions shall be kept to substantiate the payment.

## **9 PAYMENT OF SALARIES, WAGES AND PENSIONS**

- 9.1 The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council.
- 9.2 Payment of salaries and payment of deductions from salary such as may be for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates.
- 9.3 The RFO shall be responsible for ensuring that adequate systems of control are maintained to cover payments of emoluments to all current and former employees. That sickness and absence records are maintained and that all such records, including time sheets, overtime and expense claims, are countersigned by the line manager prior to authorised by the RFO.

## **10 LOANS AND INVESTMENTS**

- 10.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 10.2 The Council's Investments shall be reviewed on a regular basis (at least annually as part of the Risk Assessment review).

- 10.3 All investments of money under control of the Council shall be in the name of the Council.
- 10.4 All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose.
- 10.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## **11 VIREMENT**

Should the RFO identify the need for a virement of funds, the requirement should be approved by the Finance & Audit Committee and sanctioned by Council.

## **12 INCOME AND DEBTORS**

- 12.1 The collection of all sums due to the Council shall be under the supervision of and the responsibility of the RFO. Council will formally and actively pursue debts and debtors in a structured and consistent manner and any necessary recovery procedure determined by the Finance & Audit Committee as outlined on the 3 Month Debtors Schedule. Subsequently, any sums found to be irrecoverable shall be written off.
- 12.2 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.
- 12.3 The Finance & Audit Committee will review all fees and charges annually, following recommendations from the appropriate Committees.
- 12.4 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.
- 12.5 The origin of each receipt shall be entered on the paying in slip.
- 12.6 Personal cheques shall not be cashed out of money held on behalf of the Council.

- 12.7 The RFO shall be responsible for completing any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 as amended shall be made at least annually coinciding with the financial year end.
- 12.8 Where any significant sums of cash are received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, and that appropriate care is taken in the security and safety of individuals banking such cash.

### **13 ORDERS FOR WORK, GOODS AND SERVICES**

- 13.1 An official order, letter or email 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.
- 13.2 Order books shall be controlled by the RFO.
- 13.3 Goods or services which fall outside the normal ordering process, typically services such as gas, electricity or other recurring commodities, will be monitored by the DTC or FFO and any major fluctuations reported to the RFO.

### **14 CONTRACTS**

Procedures as to contracts are laid down in the Council's Standing Orders.

### **15 PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

- 15.1 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).
- 15.2 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.
- 15.3 Any variation to a contract or addition to or omission from a



contract must be approved by The Town Clerk and the Chairman of the appropriate Committee and the contractor informed in writing. The Finance & Audit Committee to be informed when the final cost is likely to exceed the financial provision.

## **16 STORES AND EQUIPMENT**

- 16.1 The officer in charge shall be accountable for the care and custody of stores and equipment within their areas of responsibility.
- 16.2 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.
- 16.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 16.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

## **17 PROPERTIES AND ASSETS**

- 17.1 The RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Regulation 4 (3)(b) of the Accounts and Audit Regulations 2015 as amended.
- 17.2 No assets 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 perceived value of any one item of tangible movable asset does not exceed £1,000.00.

## **18 INSURANCE**

- 18.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 18.2 The RFO will be responsible for ensuring that any necessary additional insurance is in place to take account of extraordinary

events which may take place.

- 18.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 18.4 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.
- 18.5 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.

## **19 ASSET REGISTER**

The RFO shall ensure that the fixed asset register is maintained and kept up to date and submitted to the Finance & Audit Committee, at least annually.

## **20 RISK MANAGEMENT**

- 20.1 The RFO shall prepare and promote risk management policy statements in respect of all service activities of the Council.
- 20.2 When considering any new service activity the RFO shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

## **21 SECURITY**

- 21.1 Access to the main computer accounting system and general ledger will be restricted by passwords known to the FFO, DTC and RFO only. The main IT accounting system will be backed up on a weekly basis and secured off site.
- 21.2 All financial stationery will be kept in locked cabinets when not in use.

## **22 FRAUD AND CORRUPTION**

Issues relating to the register of gifts and hospitality are covered in the separate Code of Conduct for members.

## **23 GRANTS, INITIATIVES AND SPONSORSHIP**

Determined by a fixed policy to be reviewed by the Finance & Audit Committee and agreed by Council annually.

## **24 REVISION OF FINANCIAL REGULATIONS**

It shall be the duty of the Council to review the Financial Regulations of the Council annually.

Sarah Summers  
Town Clerk  
Reviewed and adopted April 2007  
Amendment approved and adopted 25.9.07  
Reviewed 8.5.12  
Reviewed 10.3.15  
Amendment approved and adopted 24.11.15  
Reviewed, Amendment approved and adopted March 2016  
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Amended 15.11.17  
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