

## **SEVENOAKS TOWN COUNCIL FINANCIAL REGULATIONS**

### **1. FINANCIAL ADMINISTRATION**

- 1.1. These financial regulations are made by the Council pursuant to its Standing Orders and are intended to be the working arrangements whereby the Council's financial transactions are regulated in accordance with the powers and duties conferred by the Council on the Finance and General Purposes Committee.
- 1.2. The Finance and General Purposes Committee is responsible for regulating and controlling the finances of the Council. In this capacity, the Finance and General Purposes Committee shall have the responsibility for approving new and implementing changes to the existing procedures relating to the financial administration of the Council.
- 1.3. The Town Clerk is responsible for the accountability and control of staff and the security, custody and control of all resources including plant, buildings, materials, cash and stores appertaining to the Council.
- 1.4. The Finance Officer is responsible for the day to day proper administration of the Council's financial affairs and is directly responsible for the production of timely financial information.
- 1.5. 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.
- 1.6. 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
  - identify the duties of Officers.
- 1.7. These financial regulations demonstrate how the Council meets these responsibilities and requirements.

### **2. ANNUAL BUDGET**

#### **2.1. Revenue Estimates**

- 2.1.1. The Finance and General Purposes Committee shall annually receive and consider draft estimates of the expenditure and income for the following financial year and for a further two years to form a three year forecast.
- 2.1.2. Each department shall formulate and submit proposals in respect of revenue services in consultation with the Finance Officer.

2.1.3. The various estimates shall then be co-ordinated by the Finance Officer, in consultation with the Town Clerk, and presented to the Finance and General Purposes Committee. In turn the Committee will consider these estimates and submit recommendations to Council not later than the end of January each year and shall recommend the Precept to be levied for the ensuing financial year in furtherance of the Town Council Strategy. When approved by the Council, this shall be the Precept and budget for the ensuing year.

## **2.2. Capital Estimates**

2.2.1. The Finance and General Purposes Committee shall annually receive and consider estimates of the capital expenditure proposed for the ensuing year and for a further two years to form a three year forecast, for inclusion in the rolling capital programme.

2.2.2. Each department shall formulate and submit proposals in respect of future capital expenditure in consultation with the Finance Officer.

2.2.3. The various estimates shall then be co-ordinated by the Finance Officer, in consultation with the Town Clerk, and presented to the Finance and General Purposes Committee. In turn the Committee will consider these estimates and submit recommendations to Council not later than the end of January each year. When approved by the Council, this shall be the budget for the ensuing year.

## **2.3. Budgetary Control**

2.3.1. Expenditure on the revenue account may be incurred up to the amounts included in each approved committee budget.

2.3.2. If during the course of the year it appears likely that any expenditure estimate will be substantially exceeded or any income estimates not be realised, the Finance Officer shall promptly inform the Town Clerk and report the matter to the Finance and General Purposes Committee as well as any other relevant Committee.

2.3.3. The Town Clerk shall be responsible for keeping strict supervision of the expenditure of the Council. A proposal to incur expenditure, which is not included in the budget or is in excess of the budget, shall be promptly drawn to the attention of the Finance and General Purposes Committee.

2.3.4. The Finance Officer, in consultation with the Town Clerk, shall ensure that adequate financial reporting systems are in place to enable budgets to be controlled within the limits of the Council's estimates and resources.

2.3.5. During the budget year and with the approval of the Finance and General Purposes Committee 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').

- 2.3.6. The Town Clerk, in consultation with the Chairman of the Finance and General Purposes 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 done at once, whether or not there is any budgetary provision for the expenditure subject to a limit of £5,000. The Town Clerk shall report the action to the Town Mayor and members of the appropriate Committee as soon as practicable thereafter.
- 2.3.7. Consideration of a proposal involving expenditure for which provision has not been made or cannot be made from savings elsewhere within the annual budget shall be funded from existing reserves and, if deemed appropriate, added to any future Precept subject to the approval of the Finance and General Purposes Committee.
- 2.3.8. Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless authorised by the Council.
- 2.3.9. No expenditure shall be incurred in relation to any scheme of a capital nature and no contract entered into or tender accepted involving expenditure from the capital account unless the Committee concerned are satisfied that it is contained within the Rolling Capital Programme, the necessary borrowing powers can be obtained or that the necessary capital funds are available.
- 2.3.10. All capital commitments shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

### **3. ACCOUNTS AND AUDIT**

- 3.1. The Finance Officer shall be responsible for ensuring consistent accounting policies are applied when producing the annual financial statements of the Council.
- 3.2. The Finance Officer shall be responsible for maintaining all accounts and accounting records in accordance with the Accounts and Audit Regulations, appropriate Guidance and proper practices.
- 3.3. The following principles shall be observed 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 disbursing 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.
- 3.4. The Finance Officer 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 Finance and General Purposes Committee and the Council within the timescales set by the Accounts and Audit Regulations.

- 3.5. The Finance Officer shall be responsible for maintaining a system of internal control, to ensure that the Council's business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Any Officer or Member of the Council shall co-operate with the Finance Officer to ensure that the system works effectively and, if the Finance Officer requires, shall make available such documents of the Council as appear to the Finance Officer to be necessary for the purpose of reviewing the system and shall supply the Finance Officer with such information and explanation as the Finance Officer considers necessary for that purpose.
- 3.6. 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.
- 3.7. The Council shall appoint an Internal Auditor who shall be competent and independent of the operations of the Council and who shall report to the Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 3.8. The Finance Officer 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 the Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 3.9. The Finance Officer shall, within 24 hours, bring to the attention of the Finance and General Purposes Committee any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

#### **4. BANKING**

- 4.1. The Finance Officer shall be authorised to maintain bank accounts with financial institutions that have been approved by the Finance and General Purposes Committee and that he/she considers necessary for the Council's financial administration.
- 4.2. All accounts will be clearly identified with Sevenoaks Town Council as part of the title.
- 4.3. No account may be opened or closed without the prior approval of the Finance and General Purposes Committee and the Town Clerk.
- 4.4. No monies shall be paid out of or transferred to or from any account without the authority of the Town Clerk, his/her authorised Deputy or the Finance Officer.
- 4.5. All bank payment instructions shall be ordered and issued only on the authority of the Town Clerk, his/her designated Deputy or the Finance Officer and only when they are satisfied that the appropriate checks per Regulations 5 to 7 below have been satisfactorily carried out.
- 4.6. All bank payment instructions shall show a designated space for two signatories authorised by the Finance and General Purposes Committee.
- 4.7. All cheques shall be issued in sequential order and not more than two books of cheques per account shall be in use at any one time.

- 4.8. All cheques shall be banked at the earliest opportunity and at the very least within 5 working days of receipt.
- 4.9. A register of cheques/cash received shall be maintained at the point of receipt by a member of the Finance team and compared to the banking lists by a different member of the Finance team on a regular basis.

## **5. PAYMENT OF ACCOUNTS**

- 5.1. All invoice claims and accounts for payment shall be examined, verified and certified by the Officer issuing the order with a counter signature from a Manager when applicable.
- 5.2. Before certifying the account, the Officer and the applicable Manager shall satisfy him/herself that:
  - a) the work, goods or services to which the account relates have been received, carried out, examined and approved.
  - b) The prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct.
  - c) The relevant expenditure has been properly incurred, and is within the relevant estimated provisions.
  - d) The account has not been previously passed for payment and is a proper liability of the Council.
- 5.3. Certification of an account shall imply that the above mentioned checks have been applied to the satisfaction of the certifying Officer and Manager, that the Standing Orders with regard to contracts have been complied with in full and that the expenditure was necessary for the purpose of the expenditure heading thereon.
- 5.4. Duly certified accounts shall be passed to the Finance Department who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure heading, if not already done so by the certifying Officer or Manager.
- 5.5. The Finance team will take all possible steps to settle accounts submitted, and which are in order, within the period stipulated in the suppliers' terms of trade and wherever a discount is offered for prompt or early settlement, he/she shall ensure that the discount is taken.
- 5.6. All payments shall be effected by cheque or other instructions to the Council's bankers, or otherwise, in accordance with these regulations.
- 5.7. For all cheque, BACS or CHAPS payments, two bank signatories must review the supporting documentation and sign/initial the invoices and the cheque stubs, where applicable, to evidence their review.

- 5.8. Payment for utility supplies (energy, telephone and water), any National Non-Domestic Rates and any other main service providers may be made by variable Direct Debit provided that the instructions are signed by two bank signatories and reported to the Finance and General Purposes Committee on the Schedule of payments referred to in Regulation 5.17
- 5.9. If thought appropriate by the Finance Officer, payment for certain items may be made by Banker's Standing Order provided that the instructions are signed by two bank signatories and reported to the Finance and General Purposes Committee on the Schedule of payments referred to in Regulation 5.17. All Standing Orders are to be reviewed and reapproved at least every 2 years.
- 5.10. Payment for certain items may be made by internet banking transfer provided evidence is retained showing which two bank signatories approved the payment.
- 5.11. No employee, bank signatory or Councillor shall disclose any personal identification number (PIN) or other password relevant to the working of the Council or its bank accounts to any person not authorised in writing by the Council or Finance and General Purposes Committee.
- 5.12. The Council, and any members using personal computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 5.13. Where internet banking arrangements are made with any bank, the Bank Mandate approved by the Finance and General Purposes Committee shall identify the Officers and a number of Councillors who will be authorised to approve transactions on those accounts. Two signatories will be required to process any payment. The Bank Mandate will clearly state the amounts of payments that can be instructed by the use of the Officers alone, or by an Officer and a member.
- 5.14. Access to any internet banking accounts will be directly to the access page, and not through a search engine or email link. Remembered or saved passwords facilities should not be used on any computer.
- 5.15. Account details for suppliers, which are used for internet banking and BACS payments may only be changed on written hard copy notification by the supplier that must be retained as supporting evidence.
- 5.16. Any corporate credit card account opened by the Council will be specifically restricted to use by the Town Clerk, his/her Deputy or the Finance Officer and shall be subject to automatic payment in full at each month end. Other members of the Finance team will have access to the corporate credit card for making payments on line or over the telephone but only upon instructions from either the Town Clerk, his/her Deputy or the Finance Officer.
- 5.17. A Schedule summarising all the payments made shall be prepared by the Finance team and reviewed by the Finance Officer each month and presented at the next available Finance and General Purposes Committee meeting for formal approval and authorisation.

## **6. PETTY CASH ACCOUNTS**

- 6.1. The Finance Officer may provide petty cash to Officers for the purpose of defraying operational and other small items of expenditure. Vouchers for payments shall be forwarded to the Finance department with a claim for reimbursement.
- 6.2. The Finance Department will examine the vouchers and once satisfied that the supporting invoices/receipts are in order, will pass them to the Town Clerk or his/her authorised Deputy for final certification.
- 6.3. The aggregate amount of petty cash floats for all departments shall not exceed £1,000. The cash float per department shall be individually agreed by the Finance Officer.
- 6.4. Cash received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
- 6.5. Cheque payments raised to maintain the petty cash float shall be accompanied by a breakdown of the petty cash expenditure incurred since the last payment and should be reviewed by the two cheque signatories and be signed/initialled by them to evidence their review.
- 6.6. A Schedule summarising the movements in the petty cash shall be prepared by the Finance team and reviewed by the Finance Officer each month and presented at the next available Finance and General Purposes Committee meeting for formal approval and authorisation.

## **7. PAYMENT OF SALARIES AND WAGES**

- 7.1. All records relating to payment of salaries and wages, superannuation, tax, national insurance and reimbursement of expenses to the Council's employees, shall be kept by the Finance Department in a manner approved by the Finance and General Purposes Committee.
- 7.2. The Town Clerk or his/her authorised Deputy shall notify the Finance Department of all relevant information for the purpose of keeping the above records i.e. appointments, resignations, dismissals, absence through sickness or other reason. All new appointments must be approved by the Chair of Personnel Committee.
- 7.3. Time sheets shall be certified for accuracy by the relevant line Manager before being submitted to the Finance Department for processing.
- 7.4. The processed payroll and the auto pay sheets shall be reviewed by the Finance Officer for completeness and accuracy.
- 7.5. The payroll payments shall be submitted and certified by the Town Clerk or his/her authorised Deputy before being approved for final payment by two bank signatories in accordance with the Bank Mandate.
- 7.6. The payroll bank account shall not become overdrawn. Transfers to fund it shall be made from the Council's general bank account.
- 7.7. A Schedule summarising the movements in the payroll bank account shall be prepared by the Finance team and reviewed by the Finance Officer each month and presented at the next available Finance and General Purposes Committee for formal approval and authorisation.

## **8. LOANS AND INVESTMENTS**

- 8.1. All loans and investments shall be negotiated by the Town Clerk, his/her authorised Deputy, or the Finance Officer in the name of the Council, and shall be for a set period of time.
- 8.2. All loan proposals shall be submitted to the Finance and General Purposes Committee for prior approval and authorisation. Approval from the Public Work Loan Board shall then be sought before any loan is finalised.
- 8.3. All investments of money under the control of the Council shall be in the name of the Council.
- 8.4. All investment certificates and other documents relating thereto shall be retained in the custody of the Finance Officer.
- 8.5. The Finance Officer will ensure that all loans and investments are made in accordance with the Council's current Investment Policy.
- 8.6. The Investment Strategy and Policy shall be in accordance with relevant regulations, proper practices and guidance and shall be reviewed by the Finance and General Purposes Committee at least annually.

## **9. BORROWINGS**

- 9.1. All borrowings shall be negotiated by the Town Clerk, his/her authorised Deputy, or Finance Officer in the name of the Council.
- 9.2. All documents relating thereto shall be retained in the custody of the Finance Officer.

## **10. INCOME**

- 10.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Finance Officer.
- 10.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the Finance Department and the Finance Officer shall be ultimately responsible for the collection of all accounts due to the Council.
- 10.3. The Council will review all fees and charges annually, following a report of the Town Clerk.
- 10.4. Any sums found to be irrecoverable and any bad debts shall be reported to the Finance and General Purposes Committee promptly and shall be written off in the year.
- 10.5. All sums received on behalf of the Council shall either be forwarded to the Finance Department for banking or be banked by the member of staff collecting the money as directed by the Finance Officer. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Finance Officer considers necessary but no later than 5 working days from receipt.



- 10.6. A reference to the related debt, or otherwise, indicating the origin of each cheque shall be entered on the paying-in slip and the counterfoil, where feasible, but in any event a separate record should be maintained.
- 10.7. Every transfer of official money from one member of staff to another shall be signed for by the receiving Officer.
- 10.8. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 10.9. The Finance Officer is responsible for ensuring that VAT returns are promptly completed and submitted each quarter.
- 10.10. Where any significant sums of cash are regularly received by the Council, the Finance Officer 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, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

## **11. ORDERS FOR WORK, GOODS AND SERVICES**

- 11.1. 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 e.g. Petty cash purchases. Copies of orders shall be retained.
- 11.2. Order books shall be controlled by the Department Managers.
- 11.3. All members and 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 usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions set out in these Financial Regulations or Standing Orders.
- 11.4. A member may not issue an official order or make any contract on behalf of the Council.
- 11.5. The Finance Officer shall verify the lawful nature of any proposed purchase before the issue of any order, and shall draw the attention of the appropriate Committee Chairman to any order where there is doubt about the statutory authority for payment.

## **12. CONTRACTS**

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

## **13. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTIONAL WORK**

- 13.1. Payments on account of the contract sum shall be made within the time specified in the contract by the Finance Officer upon authorised certificates of the architect or other consultants engaged to supervise the contract.
- 13.2. Where contracts provide for payment by instalments the Finance Officer 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.

- 13.3. Any variation to a contract or addition to or omission from a contract must be approved by the Town Clerk in writing, the appropriate Committee being informed where the final cost is likely to exceed the financial provision.

#### **14. STORES AND EQUIPMENT**

- 14.1. The Officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 14.2. Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time delivery is made.
- 14.3. Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 14.4. The Finance Officer shall be responsible for an annual check of all stocks and stores.

#### **15. PROPERTIES AND ESTATES**

- 15.1. The Town Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council, and 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 5(3)(b) of the Accounts and Audit Regulations 2011.
- 15.2. The Finance Officer shall maintain a Fixed Asset Register of the Council's plant, equipment and machinery recording the location, purchase details, serial number and other distinguishing features, and disposal details of all such assets with an original cost of £1,000 or more. In addition, all chattels with an original cost of £250 or more are to be recorded in the Fixed Asset Register.
- 15.3. The Finance Officer shall ensure that Council property is properly and fully insured, subject to an agreed excess, against material damage and loss, and shall review replacement values at least annually to ensure that adequate cover is maintained.
- 15.4. No property shall be sold, leased or otherwise disposed of without the prior approval of the Town Clerk, his/her Deputy or the Finance Officer save where the estimated value of any one item does not exceed £1,000.

#### **16. INSURANCES**

- 16.1. The Finance Officer shall effect all insurance and negotiate all claims on the Council's insurers in consultation with the Town Clerk or his/her authorised Deputy.
- 16.2. The Town Clerk or his/her authorised Deputy shall give prompt notification to the Finance Officer of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurance.
- 16.3. The Finance Officer shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

**RESOLUTION Minute No 541 (f)**

**Option 2 for a period of 1 year initially and reviewed if necessary**

- 16.4. The Finance Officer shall be notified of any loss liability or damage or of any event likely to lead to a claim and inform the Police where appropriate.
- 16.5. All appropriate employees of the Council shall be included in a suitable Fidelity Guarantee Insurance.
- 16.6. The level of Fidelity Guarantee Insurance shall cover the maximum risk exposure as determined by the Finance and General Purposes Committee.

**17. SECURITY**

- 17.1. Each employee is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc., under their control.
- 17.2. Keys to safes and similar receptacles are to be kept secure by the person responsible for them at all times, the loss of such keys must be reported to the Town Clerk, his/her authorised Deputy or the Finance Officer.
- 17.3. The Town Clerk or his/her authorised Deputy shall be responsible for maintaining the proper privacy and security of information held on the office computers and for ensuring adequate computer back up facilities are in place.

**18. CHARITIES**

- 18.1. Where the Council is sole trustee of a Charitable body the Town Clerk and Finance Officer shall ensure that adequate financial controls are in place, 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. The Town Clerk and Finance Officer shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

**19. RISK MANAGEMENT**

- 19.1. The Town Clerk with the Finance Officer shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 19.2. When considering any new activity the Town Clerk and Finance Officer 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 the Council for consideration and, if thought appropriate, adoption.

**20. REVISION OF FINANCIAL REGULATIONS**

- 20.1. It shall be the duty of the Finance and General Purposes Committee to review the Financial Regulations of the Council annually and to make such recommendations to the Council as the Committee considers are required.