

CHAPTER 2 Financial Regulations

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FINANCIAL REGULATIONS – ANNEX A

The following Financial Regulations were approved by resolution at a meeting of the Authority held on 22 March 2013 and supersede all previous Financial Regulations.

GENERAL

1. These Financial Regulations should be read in conjunction with the Standing Orders of the Authority.
2. These financial regulations govern the conduct of financial management by the Authority and may only be amended or varied by resolution of the Authority. The Authority is responsible in law for ensuring that its financial management is adequate and effective and that it has a sound system of financial control.
3. The Responsible Financial Officer (RFO) shall be the Chief Executive Officer (CEO) or an officer or member of the Authority nominated by the CEO. The RFO acting under the policy direction of the Authority shall administer the Authority's financial affairs in accordance with proper practices. The RFO shall be responsible for the production of financial management information. The RFO shall determine on behalf of the Authority its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the Authority are maintained and kept up to date in accordance with proper practices. In any cases where financial irregularity is suspected, the Chairman of the Authority and the Internal and External Auditor should be informed.

4. The Authority shall conduct a review annually of the effectiveness of its system of internal control which shall be in accordance with proper practices.
5. In these financial regulations the term 'proper practices' shall refer to guidance issued in Governance and Accountability in Local Councils in England and Wales – a Practitioners' Guide which is published jointly by NALC and SLCC and updated from time to time.
6. In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.

ANNUAL ESTIMATES (BUDGET)

7. Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Authority.
8. The Finance Sub-Committee shall review the budget and make a recommendation to the Authority not later than the end of January each year on the Precept to be levied for the ensuing financial year.
9. All expenses incurred by the Authority within the agreed budgets are to be met by the relevant councils.
10. The annual budgets shall form the basis of financial control for the ensuing year.

BUDGETARY CONTROL

11. At each meeting of the Authority the RFO shall report on the financial position.
12. The RFO shall regularly provide the Authority with a budget review reporting on the receipts and payments to date under each major head of the budget, comparing actual expenditure to the appropriate date against that planned as shown in the budget.
13. Expenditure on revenue items may be incurred up to the amounts approved under the major budget heads in the approved budget.
14. Adjustments may be made between major budget heads, as follows: up to £10,000, with the approval of the Chairman of the Finance Sub-Committee; and up to £30,000, with the approval of the Finance Sub-Committee.
15. Expenditure not provided for in the budget may be approved by a majority vote of Finance Sub-Committee.
16. The RFO may incur expenditure on behalf of the Authority which is necessary to carry out any repair replacement or other work which is of such urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £10,000.
17. In these financial regulations 'major budget heads' shall refer to following: Employees, Premises, Transport, Supplies and Services, Support Services, Corporate/Democratic Core.

18. Before incurring expenditure of a capital nature exceeding £30,000 the RFO shall supply the Authority or Finance Sub-Committee with a written report showing the estimated cost, the proposed method of financing, and the effect on current and future years.

ACCOUNTS AND AUDIT COMMISSION

19. All accounting procedures and financial records of the Authority shall be determined by the RFO in accordance with the Accounts and Audit Regulations
20. The RFO shall complete the annual financial statements of the Authority including the Authority's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Authority
21. The RFO shall complete the Accounts of the Authority contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and shall submit the annual Return for approval and authorisation by the Authority within the timescales set by the Accounts and Audit Regulations.
22. The RFO shall ensure that there is an adequate and effective system of internal audit of the Authority's financial operations. The RFO shall appoint an Internal Auditor competent and independent of the operations of the Authority to report annually to the Authority in writing. The internal audit procedure will be reviewed annually by the Authority.

BANKING ARRANGEMENTS AND CHEQUES

23. The Authority's banking arrangements shall be made by the RFO on behalf of the Authority. A current account shall be maintained at the bank to cover general expenses, salaries and wages. The RFO is also authorised to operate such accounts as are necessary to optimise income from interest bearing accounts.
24. All accounts for payment will be entered on schedules to be signed by the RFO.
25. Cheques will be signed by any two cheque signatories who shall be appointed by a bank mandate approved by the Authority.
26. Any payments over £50,000 shall be countersigned by the Chair of the Authority or of the Finance Sub-Committee.
27. Cheques over £50,000 shall be accompanied by written authorisation from a member of the Finance Sub-Committee.
28. A bank statement on the Authority's account will be obtained at least once a month. Bank reconciliation will be carried out monthly. All cash and cheques received will be promptly banked.

PAYMENT OF ACCOUNTS

29. All payments shall be effected by BACS payment from the Authority's account, by cheque, or direct debit in appropriate cases.
30. All invoices for payment shall be examined, verified and certified approved by the officer appointed to this duty by the RFO. The officer responsible shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received,

carried out, examined and approved. The officer appointed by the RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading.

31. Payment for utility supplies (energy, telephones and water), rates, fuel, pension contributions and similar recurring expenses may be made by direct debit. These payments will be entered on schedules to be signed by the RFO.

PAYMENT OF SALARIES

32. As an employer, the Authority 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 by the officer appointed by the RFO in accordance with payroll records and the rules of PAYE and National Insurance currently operating
33. Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made by the officer appointed by the RFO in accordance with the payroll records and on the appropriate dates stipulated in employment contracts.

INVESTMENTS

34. All investments of money under the control of the Authority shall be negotiated by the RFO in the name of the Authority.
35. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

INCOME

36. The collection of all sums due to the Authority shall be the responsibility of and under the supervision of the RFO.
37. The RFO will review all fees and charges where appropriate.
38. Any sums found to be irrecoverable and any bad debts shall be reported to the Authority.
39. All sums received on behalf of the Authority shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Authority's bankers with such frequency as the RFO considers necessary.
40. The origin of each receipt shall be entered on the paying-in slip.
41. Personal cheques shall not be cashed out of money held on behalf of the Authority.
42. The officer appointed by the RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.

ORDERS

43. 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.

44. Order books shall be controlled by the RFO.
45. Orders for the supply of goods or for work to be done shall be issued by nominated Officers in writing on official triplicate forms or an electronic version. One copy will be sent to the supplier wherever possible, another will be sent to the officer appointed by the RFO, and the third copy retained in the order book or on computer. Exceptions to this ordering procedure will be rents, rates, utility and telephone bills, lease payments, maintenance agreements and other similar recurring payments, which will be monitored by the officer appointed by the RFO.
46. All members and officers are responsible for obtaining value for money at all times. 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.

CONTRACTS

47. 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 these regulations shall not apply to contracts which relate to items (i) to (vi) below:
 - (i) for the supply of gas, electricity, water, sewerage, telephone, ICT and broadband services;
 - (ii) for specialist services such as are provided by solicitors, accountants, surveyors, ICT and planning consultants;
 - (ii) for work to be executed or goods or materials to be supplied which consists of repairs to or parts for existing machinery or equipment or plant;
 - (iii) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
 - (iv) for additional audit work of the external Auditor up to an estimated value of £1000 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chairman of Authority);
 - (v) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price, or for which there is only one source of supply.
 - (b) Where it is intended to enter into a contract exceeding £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 RFO shall invite tenders from at least three firms.
 - (c) 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 Authority.

- (d) Such invitation to tender shall state the general nature of the intended contract and the RFO 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 RFO in the ordinary course of post. Each tendering firm 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.
- (e) All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of at least one member of Authority.
- (f) If less than three tenders are received for contracts above £5,000 or if all the tenders are identical the Authority may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (g) The Authority shall not be obliged to accept the lowest or any tender, quote or estimate.
- (h) Any invitation to tender issued under this regulation shall contain a statement to the effect that procedures 11.1(b) to 11.1(h) will apply.

ASSETS

- 48. The RFO shall make appropriate arrangements for the custody of all title deeds or assets owned by the Authority. The RFO shall ensure a record is maintained of all assets owned by the Authority, 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.
- 49. No asset exceeding £10,000 shall be sold, leased or otherwise disposed of without the authority of the Finance Sub-committee.
- 50. 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.
- 51. The RFO shall ensure that an Inventory of appropriate smaller equipment is also kept and updated annually.

INSURANCE

- 52. The RFO shall keep a record of all insurances effected by the Authority and the property and risks covered thereby and annually review it.
- 53. 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 Authority at the next available meeting.
- 54. All appropriate employees of the Authority shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Authority.

RISK MANAGEMENT

55. The Authority is responsible for putting in place arrangements for the management of risk. The RFO shall prepare risk management policy statements in respect of activities of the Authority and these will be reviewed at least annually by the Authority.
56. When considering any new activity the RFO shall appoint an officer to prepare a risk assessment.

MEMBERS' EXPENSES

57. Payment of allowances for approved duties will be made to MMO appointees to the Authority at the rate set by the Authority. Council appointees should claim expenses from their Council.
58. Approved duties for members of the Authority are attendance at any meetings of the Authority or Sub-Committee to which they have been appointed, or other meetings which they have been asked to attend by the Authority as a representative.
59. It is the responsibility of members to ensure they sign the attendance book at Authority meeting, as this forms the official record of attendance for payment of expenses.

REVISION OF FINANCIAL REGULATIONS

60. It shall be the duty of the Authority to review the Financial Regulations of the Authority from time to time. The RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise the Authority of any requirement for a consequential amendment to these financial regulations.

NWIFCA Responsible Financial Officer
March 2013