



## **1 Introduction**

- 1.1. Frodsham Town Council (FTC) is responsible for public money. It has a statutory duty for effective management of the funds in its charge and has an obligation for obtaining value for money for the people of Frodsham.
- 1.2. These Regulations provide the framework for managing FTC's financial affairs and apply to all Councillors, Officers and anyone else acting on behalf of FTC. They aim for clarity and simplicity, and to enable good decision making.
- 1.3. The Council is bound at all times by the requirements of the Accounts & Audit Regulations 1996.
- 1.4. The Regulations may not be amended or varied except by resolution of FTC.

## **2 Responsible Financial Officer (RFO)**

- 2.1. The RFO, under FTC's policy direction, will determine FTC's detailed accounting systems and procedures, and be responsible for:
  - i. Ensuring proper administration of FTC's financial affairs;
  - ii. Ensuring that FTC's accounts and supporting records are:
    - Maintained in accordance with proper practices and Council policies,
    - Sufficient to show FTC's financial transactions and proper audit trails,
    - Compliant with legal requirements, and
    - Up to date and timely;
  - iii. Providing advice and guidance to Councillors & others acting on FTC's behalf to underpin these Regulations;
  - iv. Producing appropriate and useful management information, and
  - v. Obtaining best value from expenditure of Council resources.

## **3 Budgetary Planning**

- 3.1. Each budget-holding Committee will formulate proposals in respect of revenue and capital costs for the following financial year no later than mid-November in each year, for submission to FTC. These will take into account the needs of any sub-committees and working groups it sponsors.
- 3.2. Committees will consider FTC's plans, policies & strategies and any relevant costs, as well as receipts & payments relating to revenue & capital appertaining to more than one year when formulating their proposals.
- 3.3. With the Chairman, the RFO will prepare estimates of receipts & payments for the year, taking into account Committees' proposals.
- 3.4. The RFO will supply each Member, on request, with copies of estimates and any other budget working papers available.
- 3.5. FTC will review income & expenditure proposals, as reflected in the estimates (revenue & capital) no later than the end of January each year, and will fix the precept to be levied for the ensuing financial year, in accordance with the requirement of the Borough Council's timetable.
- 3.6. The annual budget will form the basis of financial control for the ensuing year.

## **4 Budgetary Control**

- 4.1. No committee, sub-committee or working group may commit FTC to spending in any one year more than the sum budgeted to that committee, sub-committee or working group respectively.
- 4.2. No committee, sub-committee or working group may spend more than 120% of the cost of any item specifically budgeted for by FTC, without an express resolution from FTC.

- 4.3. In case of need to carry out urgent repair, replacement or other work, the RFO may incur expenditure on behalf of FTC subject to a limit of £1000, whether or not there is budgetary provision for it. The RFO will provide details of any such expenditure to FTC.
- 4.4. Unspent budget provision will not be carried forward to a subsequent year unless allocated to a specific project, without express approval from FTC.
- 4.5. FTC may not incur expenditure or enter into a contract or accept a tender for a capital project unless necessary funds for the project are available or it has obtained the requisite approval for borrowing such funds.
- 4.6. The RFO will advise FTC on prudent levels of reserves for the Council.
- 4.7. The RFO may, with a resolution from the Council, vire funds between existing Budget Headings provided that he/she confirms to the Council at the time:
  - i. That overall spending against budgets remains unaltered;
  - ii. Any potential impacts on council policy, existing or proposed;
  - iii. Whether the virement crosses Committee Budget Headings;
  - iv. The virement is not between Capital & Revenue budgets; and
  - v. Any effect on Earmarked Funds.

The RFO will present a report on any virements to the appropriate Committee at the first available opportunity.

## 5 Accounting & Audit

- 5.1. The RFO will prepare the following reports and present them to FTC for approval as soon as practicable after the end of the relevant period:
  - i. Monthly Transactions Reports (Schedules of Payments & Receipts). All transactions will be supported by a full audit trail of receipts and invoices, available for inspection in the office at any time.
  - ii. Monthly reports on spend against agreed budgets.
  - iii. Monthly reports on the Council's reconciled bank balances.

NOTE: The Schedules of Payments & Receipts will be approved by a resolution of FTC and must be signed by the Chairman. Where appropriate, details may be included in the Minutes of the meeting that considers the Schedules.
- 5.2. The RFO will maintain a record of income & expenditure in relation to claims proposed/made by FTC for contribution, grant or subsidy from any Minister of the Crown or a body to whom such a Minister may pay sums out of moneys provided by Parliament or a Community institution.
- 5.3. The RFO will complete FTC's end-of-year accounts, prepare the *Annual Return* in the requisite form and to timescales agreed with the External Auditor, and submit it, together with the *Annual Governance Statement*, for approval by FTC.
- 5.4. The RFO will maintain an adequate & effective system of Internal Audit of FTC's accounting, financial & other operations.
- 5.5. FTC's Officers & Councillors must make available any document(s) of the Council and supply any information or explanation deemed necessary for the purpose of the Internal Audit by the RFO or the Internal Auditor.
- 5.6. The appointed Internal Auditor must be, in the opinion of the RFO, competent and independent of FTC's operations.
- 5.7. The Internal Auditor will:
  - i. Conduct the Internal Audit;
  - ii. Complete the Internal Auditor's Report section of the Annual Return; and
  - iii. Provide FTC with a minimum of one written Annual Report in respect of each financial year.

5.8. The RFO will make arrangements for:

- I. Publication of the Annual Return in a manner and within the timescale specified in the Accounts & Audit Regulations 1996 paras 9(3)(a) & 9(4);
- ii. Inspection of the Accounts and the Auditor's Report by any Local Government elector; and
- iii. Provision of copies of Annual Return and/or Auditor's Report for purchase by any person for a charge agreed by FTC.

NOTE: Disclosure of financial information is subject to the Freedom of Information Act 2000. FTC's Publication Scheme includes details of types of documents affected under Class 2.

5.9. The RFO will bring to the attention of all Councillors correspondence (excluding that pertaining to administrative matters) and reports from the Internal and/or External Auditors as soon as practicable.

5.10. The RFO must ensure that FTC is registered with the Information Commission and, where appropriate, all data is handled in accordance with the Data Protection Act 1998.

5.11. The RFO will take appropriate measures to enable the prevention & detection of inaccuracies & fraud, and the ability to reconstitute any lost records.

## **6 Banking Arrangements & Handling of Cheques**

6.1. The RFO will make FTC's banking arrangements with the Council's approval, carrying out monthly reconciliation and keeping necessary records.

6.2. FTC will review the arrangements periodically to ensure their efficiency, and to ensure that signatory list remain up to date.

6.3. Cheques drawn on FTC's bank must be signed by either two Councillors and countersigned by the RFO or by three Councillors. Cheque-stubs and related invoices will be initialled by the respective Councillors and/or RFO.

6.4. Signatories must not include the beneficiary of the cheque.

6.5. Signatories must initial counterfoils of the cheques.

6.6. Where appropriate and lawful, the RFO may use electronic banking arrangements, ensuring that an adequate audit trail of approval is maintained, analogous to that for cheques.

6.7. The RFO is authorised to transfer funds between the Savings and Current Accounts:

- I. To avoid potential Current Account overdrafts that may incur charges; and
- ii. To maximise earned interest by transferring funds that are in excess of working requirement from the Current to the Savings Account.

## **7 Payment of Accounts**

7.1. The RFO will:

- I. Verify & certify all invoices for payment after satisfying himself/herself that the work, goods or services to which the invoice relates have been supplied, examined & approved, and that invoices are correct, not least arithmetically;
- ii. In order to ensure the Council meets its obligations promptly, arrange payment forthwith of all verified/certified invoices where the amount due is in line with the amount of an estimate approved earlier by FTC or a Committee, or is within the power of the RFO to settle (see 4.3 above).
- iii. In all cases, number the transactions, and store invoices & other documents to provide an effective audit trail.

7.2. For regular periodic expenditure, the RFO will set-up Direct Debit/Standing Order mandates or make payment via BACS transfer using on-line banking.

7.3. The RFO will make all other payments by cheque or other order drawn on FTC's bankers.

- 7.4. The RFO will account for settled invoices, including payments made via Direct Debit/Standing Order or BACS in the Schedule of Payments (see 5.1.i above).
- 7.5. Payments to avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1998 will normally be made after the Chairman and the RFO have certified the absence of dispute or other reason for delaying the payment. In exceptional circumstances (eg unavailability of the Chairman before the due date for payment, the RFO may settle such invoices, provided that he/she submits a list of such payments to FTC's next meeting.

## **8 Petty Cash**

- 8.1. The RFO will maintain as petty cash a float of up to £100 at any one time for the purpose of defraying operational & other 'official' expenses.
- 8.2. Officers/Councillors will submit vouchers for re-imbusement of cash spent. The RFO will keep the vouchers to substantiate payments made from petty cash.
- 8.3. The RFO will account for petty cash payments in the Schedule of Payments.
- 8.4. Income received on behalf of FTC must not be paid into the petty cash float.

## **9 Payment of Salaries**

- 9.1. FTC will be responsible for agreeing and reviewing employees' salaries.
- 9.2. The RFO will pay the salaries, calculated on the basis of employees' individual contracts & payroll records and in accordance with the prevailing PAYE & National Insurance rules.
- 9.3. The RFO will make payments for Income Tax, National Insurance & pensions contributions (deducted from salaries) to the appropriate Authorities on specified dates and account for these payments in the Schedule of Payments (see 5.1.i above).
- 9.4. Salary-slips for salaries, paid via the Bill Payment System, and Pensions Remittance Advice must be signed by three Councillors

## **10 Payment of Expenses**

- 10.1. Councillors & staff may reclaim legitimate expenses incurred in pursuit of their official duties.
- 10.2. The RFO must satisfy him/herself as to the validity of the claim, in terms of compliance with Council policy such as rates of allowance.

## **11 Investments & Loans**

- 11.1. Investments & loans will be negotiated in the name of the Council and will be for a fixed period in accordance with FTC's policy.
- 11.2. FTC's Investment Policy is subject to the provisions of Trustee Act 2000. FTC will review the Policy not less than once every two years.
- 11.3. Any loans will be negotiated after FTC has obtained any necessary borrowing approval and approved the terms & conditions of the loan.
- 11.4. The RFO will arrange safe custody of all investment certificates and related documents.

## **12 Income**

- 12.1. The RFO will be responsible for the collection of all monies due to FTC.
- 12.2. FTC will agree particulars of all charges made for work done, service rendered or goods supplied and notify details to the RFO.
- 12.3. The RFO will maintain a list of fees & charges payable to the Council. FTC will review the fees & charges annually.
- 12.4. The RFO will report details of any irrecoverable monies and/or bad debts to FTC and write them off where appropriate.
- 12.5. The RFO will be responsible for depositing all cash received on behalf of the Council with FTC's bankers and ensuring that the origin of each sum of money received is entered on the paying-in slip.
- 12.6. Personal cheques will not be cashed out of money held on behalf of FTC.

- 12.7. The RFO will submit claim(s) for repayment of VAT no less frequently than annually, or within such other period as prescribed by law.
- 12.8. The RFO will implement procedures, agreed by FTC, for receipt & banking of large sums of cash (including presence of more than one Councillor for the initial count), issue of 'tickets' for reconciliation of cash and measures for security & safety of individuals banking the cash.

### 13 Orders for Work, Goods & Services

13.1. Regulation 13 does not apply to:

- i. Work undertaken by the Facilities Manager with the cost not expected to exceed £250.
- ii. Procurement of work, goods & services for which a formal contract is appropriate (Regulation 14)

13.2. The RFO will issue an order (via letter or email) for work, goods or services that are not subject to the provisions of Regulation 13.1 and retain copies of all such Orders.

13.3. The RFO will maintain an up-to-date Order Book and be responsible for its safe custody.

13.4. The RFO will take reasonable steps to obtain the best value for the Council's money by, where practicable, obtaining at least three estimates or quotations from suppliers' subject to Procurement Procedures defined in Annex A of these regulations.

### 14 Contracts

14.1. For the purposes of this Regulation, a contract is an agreement for:

- The carrying out of work; or
- The purchase lease or hire of goods; or
- The supplying of a service

14.2. This Regulation will apply to all contracts with the exception of agreements for:

- i. Supply of gas, electricity, water, sewerage & telephone services;
- ii. Specialist professional services, e.g., solicitors, accountants, planning consultants etc;
- iii. Extension of an existing contract, with the additional cost subject to a limit of £250;
- iv. Additional audit-related work of the External Auditor up to an estimated value of £250 [the RFO will consult the Chairman for sums exceeding £250 before acting];
- v. Purchase of goods/articles that are proprietary articles and/or sold at a fixed price; and
- vi. Emergency procurement of goods or services.

14.3. Where it is intended that FTC enters into a contract to which this regulation applies, the RFO will invite estimates, quotations or tenders as appropriate, and award contracts to suppliers in accordance with Procurement Procedures (Annex A to these regulations) and threshold provisions unless FTC has by resolution determined that some other procedure be followed..

14.4. The following thresholds will apply to procurement of goods, services & work:

- i. *Estimated value of contract is equal to or more than £25,000*: The RFO will invite tenders from at least three suppliers
- ii. *Estimated value of contract is between £2,000 and £24,999*: The RFO will obtain three quotations (costed details of proposed supply).
- iii. *Estimated value of contract is between £250 and £1,999*: The RFO will obtain three estimates/quotations.
- iv. *Estimated value of contract is less than £250*: The RFO will take reasonable steps to obtain 'best value' by, where practicable, obtaining at least three estimates/quotations.

14.5. In the event of a resolution made by FTC "not to apply the provisions", votes cast by each member present for or against the resolution (including any abstentions) must be minuted, RFO's recommendation to FTC with regard to application of these regulations in particular circumstances must be presented to the Council before it considers making a resolution and minuted.

#### 14.6. *Invitations to Tender*

- I. The invitation will specify the User Requirement (the RFO will obtain technical advice/ assistance where necessary) and include instructions for submission of the tender;
- ii. Subject to provisions of the Annex to these Regulations, the RFO may request quotations via email. Where quotations/bids are requested via hard copy:
  - The invitation will include a specifically marked envelope in which the tender is to be sealed and returned, and
  - The tender must be sent via ordinary post and addressed to the Town Clerk;
- iii. The invitation to tender will warn the recipient of the anti-canvassing provisions contained in Standing Orders and the relevant requirements of the Councillors' Code of Conduct.
- iv. The related member/employee of FTC or of any of its Committees/Working Groups may give a written testimonial of a bidder's ability, experience or character for submission to FTC with a tender/bid.

14.7. The RFO will keep the sealed envelopes and/or the quotations submitted via email till the prescribed date for opening and open the sealed envelopes/print the quotations received via email at the same time in the presence of at least one Councillor.

14.8. If FTC receives less than three tenders/quotations/estimates (Regulation 14.4) or if all 'bids' for a contract are identical, the Council may make such arrangements as it thinks fit for procuring the goods/services/work.

14.9. FTC will not be obliged to accept the lowest or any tender, quote or estimate.

#### **15 Contracts for Building or Other Construction Works with a Value over £25,000**

15.1. Subject to any percentage withholding as agreed in a contract, the RFO will:

- I. Obtain authorised certificates of the architect or other consultants engaged to supervise that contract; and
- ii. Make payment on account of the contract within the time specified in the contract.

15.2. Where contracts provide for payment by instalments, the RFO will maintain a Record of Instalments Paid.

15.3. FTC and the contractor's clerk must agree any variation or addition to or omission from a contract in writing.

15.4. In the likelihood of the total cost of work carried out under a contract, excluding agreed variations, exceeding the value of the contract by 5% or more or exceeding the financial provision for the contract, the RFO will submit a report to FTC.

#### **16 Stores & Equipment**

16.1. FTC's employees will be responsible for the care & custody of the Council's stores & equipment in their charge.

16.2. All goods received must be checked for being 'as ordered' & serviceable at the time of delivery and must be accompanied by a Delivery Note.

16.3. Stocks must be kept at the minimum levels consistent with operational requirements.

16.4. The RFO will conduct checks of stocks & stores at least annually and report any discrepancies to FTC at the earliest opportunity.

#### **17 Properties & Estates**

17.1. The RFO will maintain a Record of Properties owned or administered by FTC. The Record must include:

- I. Title/Deed's reference number;
- ii. Location address & plan;

- iii. Details of purchase/lease;
- iv. Nature & extent of interest;
- v. Purpose for which held;
- vi. Tenancies granted; and
- vii. Rents payable.

17.2. The RFO will make appropriate arrangements for safe custody of all Title Deeds of properties owned by FTC.

17.3. No property 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 value of any one item of tangible movable property does not exceed £50.

## **18 Risk Management & Insurance**

- 18.1. The RFO, together with Councillors, will promote FTC's Risk Management Policy.
- 18.2. The RFO will ensure that risk management controls are in place and, together with Councillors, monitor activities to ensure effectiveness of risk management processes.
- 18.3. The RFO will produce a Risk Assessment & Management Statement (including any legal & financial liabilities) in respect of FTC's proposal(s) for undertaking of each new activity and submit it for FTC's consideration.
- 18.4. FTC will conduct an Annual Risk Assessment of its current activities.
- 18.5. Following the Assessment, the RFO will review/affect all insurances on FTC's behalf.
- 18.6. The RFO will keep a record of all insurances affected by FTC and the property & risks covered by each insurance policy.
- 18.7. The RFO will negotiate a suitable 'fidelity guarantee insurance' in respect of employees to ensure that the Council is covered for exposure to risk as determined by the Council.
- 18.8. On receiving notification (from Councillors or members of the public) of risks pertaining to properties or vehicles that need to be insured, the RFO will take steps to affect any necessary alterations to existing insurances.
- 18.9. On receiving notification (from Councillors or members of the public) of liability on account of loss or damage, or any event likely to lead to a claim, the RFO will report the details to FTC's meeting following receipt of information.
- 18.10. The RFO will negotiate claims, when they arise, on the Council's insurers.

## **19 Charities**

- 19.1. Where FTC is the sole Trustee of a Registered Charity, the RFO will:
- i. Prepare & maintain accounts of the funds held on behalf of the Charitable Trust(s);
  - ii. Produce Financial Information Reports in accordance with charity law or as determined by the Charity Commission; and
  - iii. Arrange for audit or independent examination of Trust Accounts as required by charity law.

## **20 Monitoring & Review of Financial Regulations**

- 20.1. The RFO is responsible for continual monitoring of the effectiveness of FTC's Financial Regulations and submitting any changes necessary for their improvement to FTC for approval.
- 20.2. The RFO will report, where appropriate, breaches of these Regulations to FTC.
- 20.3. FTC will formally review the Financial Regulations yearly to ensure compliance with statutory requirements.

## Annex A - Procurement Procedures

Procurement procedures for public service contract differ according to the nature and value of the proposed contract, and are subject to EU & UK law and FTC's Financial Regulations.

1. *Advertising in the EU Journal*: Where a contract has a value above EU thresholds, procurement must be by advertising in the European Journal.
2. *Open Competitive Tendering* will be used for contracts where FTC considers the process to be cost effective & in the Council's interest:
  - Advertising will be through FTC's website, local press and specialist journals
  - Details will be sent to interested suppliers within 6 days of enquiry
3. *Selection List*: The RFO may compile a list of suppliers who are able to satisfy him/her that they can supply goods, services or works to FTC's specification. FTC will use the List for selection of:
  - A supplier to whom the contract will be awarded; or
  - Suppliers who will be invited to submit quotations
4. *Restricted Procurement*: When no Selection List available, FTC will:
  - Advertise on its website, local press & specialist journals;
  - Short-list at least three suppliers against pre-defined criteria; and
  - Invite quotations from short-listed suppliers