

HALESWORTH TOWN COUNCIL FINANCIAL TERMS OF REFERENCE

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1.0 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. Financial regulations are one of the council's governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders¹ and any individual financial regulations relating to contracts
- 1.2 The Responsible Financial Officer (RFO), currently the Clerk, 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 and to meet the requirements of the Audit Commission.
- 1.4 A standing committee, known as the **Finance & Governance Committee** shall be appointed to advise the Council in accordance with the agreed terms of reference on the following: -
 - a) Budget proposals and the level of precept to be levied each year.
 - b) To be responsible for all aspects of financial administration of the Council, including arrangements for preparation of the accounts, audit of accounts and for ensuring preparation of and compliance with the Council's financial regulations.
 - c) Determination of applications for grant aid submitted to the Council up to £5,000.
 - d) Determination of fees and charges for services provided by the Council.
 - e) Determination of subscriptions to be paid by the Council.
 - f) Costs relating to the Maintenance and development of I.T. facilities for the Council including development of Council's website.
 - g) The Setting of Market Rents (The management and development of markets will be determined by the Assets & Services Committee).
 - h) The Setting of Allotment Rents (The management and development of allotments will be determined by the Assets & Services Committee).
 - i) To exercise all the powers, duties and functions of the Council where in the interest of the Town, it is essential for immediate decisions to be taken notwithstanding the fact that ordinarily the matter would have been referred to the Council for determination

2.0 ANNUAL ESTIMATES

- 2.1 Each Committee (if any) shall formulate and submit proposals to the **Finance & Governance Committee** in respect of revenue and capital costs for the following financial year, not later than the end of October each year.
- 2.2 Detailed estimates of all receipts and payments for the year, shall be prepared each year by the RFO.
- 2.3 The Council shall review the estimates not later than the end of December following the October (see 2.1) and shall fix the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates (budgets).
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.

3.0 BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred which exceeds the amount provided in the annual revenue budget without prior approval of the Full Council. For individual budget lines where the total annual budget has not been exceeded, the F&G Committee may approve any necessary virement.
- 3.3 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.
- 3.4 The Clerk 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 £2,000. The Clerk shall report the action to the Finance Committee as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless approved by the F&G Committee.
- 3.6 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.
- 3.7 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

4.0 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 1996 as amended.
- 4.2 The RFO shall be responsible for completing the annual financial statements of the Council as soon as practicable, after the year-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 timescale set by the Accounts and Audit Regulations 1996 as amended or set by the Auditor.
- 4.4 The RFO shall be responsible for ensuring that there is 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 1996 as amended. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the purpose 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 An Internal Auditor shall be appointed by the Council to carry out the work required by the RFO, or by the Council, with a view to satisfactory completion of the Auditor's Report section of the Annual Return, as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the 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 arrangement for the opportunity for inspection of the accounts, books and vouchers required by the Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1996 as amended.
- 4.7 The RFO shall, as soon as practicable, bring to the attention of all Councillors, any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

5.0 BANKING ARRANGEMENTS AND CHEQUES

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of payments exceeding £100 (net of VAT) required, forming part of the Agenda for the Meeting, shall be prepared by the RFO and, together with the relevant invoices, be presented to the Council and shown in the Minutes of the Meeting.
- 5.3 Payments of £100 (net of VAT) or less may be settled by the Clerk or Deputy Clerk on a 'de minimis' basis, provided that a list of all payments for the prior month is presented to the next full Council meeting for inspection.
- 5.4 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2, or in accordance with paragraph 6.4, shall be signed by two members of Council.
- 5.5 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice, or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 5.6 In the case of BACS payments, the RFO may set up transactions online for approval in advance, once the accounts for payment are approved by the Council or Finance Committee, two bank signatories shall authorise the transactions online using their own unique ID.
- 5.7 The Council may operate a pre-paid debit card for purchasing goods or services online provided the transactions or the need had already been approved in advance, notwithstanding under clause 3.4, in the case of emergency use. The F&G Committee/Full Council will approve all bank transfers to the account to maintain a level (previously agreed at £500, minute ref: 64.8 F&G July 2022).

6.0 PAYMENT OF ACCOUNTS

- 6.1 All payments (other than petty cash 6.5) shall be effected by cheque or other order drawn on the Council's bankers including BACS payments 6.6.

- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates, shall have been received, carried out, examined and approved.
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting or Finance Committee Meeting.
- 6.4 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for the payment is before the next scheduled Meeting of Council, where the Clerk and the RFO certify that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding paragraph 6.3), take all steps necessary to settle such invoices, provided that a list of such payments shall be submitted to the next appropriate Meeting of Council or at the next Finance Committee Meeting whichever is the sooner.
- 6.5 The RFO may provide petty cash to officers for purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement:
- a) The RFO shall maintain a petty cash float of up to £200 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
 - b) Income received must not be paid into the petty cash float but must be separately banked on the next available working day as soon as practically possible, as provided elsewhere in these regulations.
 - c) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to the Council under 5.2 above.
- 6.6 Subject to 6.1 wherever possible payments to staff and service providers will be made by the Banking Automated Credit System (BACS).

7.0 PAYMENT OF SALARIES

- 7.1 The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating. Salaries shall be agreed by the Council.
- 7.2 The payslips and payroll records are to be produced by an independently appointed accountant or other approved body and not by the Clerk or other employee unless otherwise agreed by the Council.
- 7.3 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates, provided that each payment is reported to, and ratified by, the next available Council Meeting.

8.0 LOANS AND INVESTMENTS

- 8.1 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.
- 8.2 All investments of money under the control of the Council shall be in the name of the Council.
- 8.3 All borrowings shall be affected in the name of the Council, after obtaining any necessary borrowing approval. Any applicant for borrowing approval shall be approved by Council as to terms and purpose.

9.0 INCOME

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 9.2 The Council will review all fees and charges annually, following a report of the Clerk
- 9.3 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.
- 9.4 The origin of each receipt shall be entered on the paying-in slip.
- 9.5 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.6 The RFO shall 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.
- 9.7 Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure 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.
- 9.8 Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere within these regulations.

10.0 ORDERS

- 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 Order books shall be controlled by the RFO.
- 10.3 All members and Officers are responsible for obtaining best 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 minima provisions in Regulation 11 (1) below.

11.0 CONTRACTS

11.1 Procedures as to contract 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, sewerage and telephone services;
 - ii. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - iii. for work to be executed or goods or materials to be supplied which consist of repairs to or 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 up to an estimated value of £250 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of Council);
 - vi. for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- 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 Clerk shall invite tenders from at least three firms to be taken from an appropriate list.
- c) Where 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 Council.
- d) If less than three tenders are received for contracts over £5000, or if all the tenders are identical, the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- e) When it is to enter into a contract less than £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 Clerk or RFO shall strive to obtain three estimates. Otherwise, Regulation 10 (3) above shall apply.
- f) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- g) For contracts over £25,000, the Council and Finance Committee will comply the 2015 Public Contracts regulations (subject to amendments to comply with regulations that may come into force post Brexit from January 2021). A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of

£213,477 for a public service or supply contract or in excess of £5,336,937 for a public works shall comply with the relevant procurement procedures and other requirements post Brexit from January 2021, namely FTS find a tender service.

12.0 PAYMENTS UNDER CONTRACT FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 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 withholdings 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 Council.
- 12.3 Any variations to, addition to or omission from a contract, must be approved by the Council and the Clerk in writing to the Contractor, the Council being informed where the final cost is likely to exceed the financial provision.

13.0 STORES AND EQUIPMENT

- 13.1 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 quantity at the time delivery is made.
- 13.2 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.3 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

14.0 PROPERTIES

- 14.1 The Clerk 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 1996 as amended.
- 14.2 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.

15.0 INSURANCE

- 15.1 Following an annual risk assessment, the RFO shall affect all insurances and negotiate all claims on the Council's insurers.

- 15.2 The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles, which require to be insured, and of any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby, and annually review it.
- 15.4 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 the Council at the next available meeting.
- 15.5 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.

16.0 CHARITIES

- 16.1 Where the Council is the sole trustee of a charitable body, the Clerk and RFO (if these roles are separate) 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 the Charity Law and legislation, or as determined by the Charity Commission...The Clerk and RFO shall arrange for any Audit, or Independent Examination, as may be required by Charity Law, or any Governing Document.

17.0 RISK MANAGEMENT

- 17.1 The Clerk, with the RFO, shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 17.2 When considering any new activity, the Clerk and 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.

18.0 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 and make such amendments to them as are appropriate.

This document should be read in conjunction with the attached Terms of Reference.

For the Finance and Governance Terms of Reference see separate document

For the definitive criteria for Assessing Grant Applications – refer to HTC’s Grant policy.

