



Ripon City Council

Financial Regulations

Adopted by the Council at the meeting on

<i>Finance and General Purpose Committee</i>	<i>15th January 2018</i>
<i>Full Council</i>	<i>Received 15th January 2018</i> <i>Adopted</i>
<i>Full Council</i>	<i>3rd September 2018</i>

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 Clerk shall be the Responsible Financial Officer, under the policy direction of the Council, and shall be responsible for the proper administration of the Council's affairs, ensuring that financial proprieties are observed for the production of financial management information, and ensuring that the Council is insured.
- 1.3 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.
- 1.4 In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations, the term 'proper practice' shall refer to guidance issued in "Governance and Accountability for Local Councils – a Practitioner's Guide (England)" issued by the Joint Practitioners Advisory Group available from the websites of NALC and SLCC.

2. ANNUAL ESTIMATES

- 2.1 The financial year shall run from 1st April to 31st March.
- 2.2 Each Committee shall formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of November each year.
- 2.3 Detailed estimates of all receipts and payments for the year shall be prepared each year by the Clerk.
- 2.4 The Council shall review the estimates not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The Clerk shall supply each member with a copy of the approved estimates.
- 2.5 The annual budgets shall form the basis of financial control for the ensuing year.

3. 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 will exceed the amount provided in the revenue budget.

- 3.3** The Clerk shall regularly provide the Council with a statement of receipts and payments to date under each head of the budget, 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 £500. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5** Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 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. ACCOUNTING AND AUDIT

- 4.1** All accounting procedures and financial records of the Council shall be determined by the Clerk in consultation with the Chairman of the Council in accordance with current legislation, appropriate guidance and proper practices.
- 4.2** The Clerk shall be responsible for completing 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 Clerk shall be responsible for completing the accounts of the Council contained in the Annual Return and for submitting the Annual Return for approval and authorisation by the Council having certified the accounts within the timescales set by current legislation.
- 4.4** The Clerk shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the books and accounts; and display or publish any notices and statements of account required by current legislation.
- 4.5** The Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the Council shall make available such documents and records as appear to the Council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the Clerk, the Internal Auditor or External Auditor with such information and explanation as the Council considers necessary for that purpose.

- 4.6 The Internal Auditor shall be appointed by and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices.
- 4.7 The Internal Auditor shall carry out the work required by the Clerk or by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return. 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.
- 4.8 The Clerk shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

5. BANKING ARRANGEMENTS AND PAYMENT OF ACCOUNTS

- 5.1 The Council's banking arrangements shall be made by the Clerk, approved by the Council and regularly reviewed for efficiency.
- 5.2 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 have been received, carried out, examined and approved.
- 5.3 The Clerk 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.
- 5.4 If payment is necessary to avoid a charge of interest and the due date for payment is before the next scheduled meeting of the Council, where the Clerk can certify that there is no dispute or other reason to delay payment, the Clerk may take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of the Council.
- 5.5 The Council shall maintain a cash float of £200. All cash received must be banked as soon as possible. Any payments made in cash by the Clerk (eg postage or minor stationery items) shall be refunded on a regular basis.
- 5.6 All payments shall be effected by cheque or by internet transfer in accordance with a resolution of the Council.
- 5.7 The Council shall appoint six signatories to cheques who shall be the Mayor, the Deputy Mayor, the Chair of the F&GP Committee and and/or three councillors. Their names to be recorded in the Minutes.
- 5.8 Cheques shall be signed by any two of the signatories, who should initial the cheque counterfoil to confirm that the details shown on the cheque, the counterfoil and the invoice are the same. A member who is a bank signatory, having a connection by virtue of family or business

relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.

- 5.9 If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that Councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate or permissible to be a signatory to the transaction.
- 5.10 No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts.
- 5.11 Regular back-up copies of the records on any computer shall be made and one copy shall be stored securely away from the computer in question in a fire proof box, preferably off site, with the location of storage being agreed by the F&GP committee. A second back up copy shall be stored within the Staffing Safe in the strongroom.
- 5.12 The Council, and any members using 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 Clerk shall be appointed as the Service Administrator. The Bank Mandate approved by the council shall identify at least two councillors from the list of cheque signatories identified in 5.7 herein who will be authorised to approve transactions on those accounts. In the event that the internet banking facility can accommodate the authorisation of all four signatories required by 5.7 then all four signatories shall be authorised to sanction internet banking payments.
- 5.14 Access to any internet banking accounts will be directly to the access page, and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 5.15 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, a note shall be made of the PIN and passwords and shall be placed in a safe within the strong-room. This envelope may only be opened by the Chairman of Council, in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and/or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
- 5.16 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the Clerk and one councillor.

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PAYMENT OF SALARIES

- 6.1 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 and reviewed annually by the Staffing Committee.
- 6.2 Payment of salaries and payment of deductions from salary such as may be made by the Clerk for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates subject to 5.8 and 5.13 herein, provided that each payment is reported to and ratified at the next council meeting.

7 LOANS AND INVESTMENTS

- 7.1 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, and minuted at a full council meeting.
- 7.2 The Council's Investment Policy, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Council at least annually.
- 7.3 All investments of money under the control of the Council shall be in the name of the Council.
- 7.4 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 the full Council as to terms and purpose.
- 7.5 All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk.

8 INCOME

- 8.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Clerk.
- 8.2 Particulars of all charges for work done, services rendered or goods supplied, shall be agreed annually by the Council, notified to the Clerk, who shall be responsible for the collection of all accounts due to the Council.
- 8.3 The Council shall review all fees and charges annually following a report from the Clerk.
- 8.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 8.5 All sums received on behalf of the Council shall be banked intact as directed by the Clerk. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Clerk considers necessary.

- 8.6 The origin of each receipt shall be entered on the paying-in slip.
- 8.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 8.8 The Clerk shall promptly complete any VAT return that is required and is responsible for reclaiming any VAT paid, preferably quarterly but at least annually coinciding with the financial year-end.
- 8.9 Where any significant sums of cash are received by the Council, the Clerk shall take such steps 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.
- 8.10 Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the Council (to meet expenditure already incurred by the authority) will be given by the Managing Trustee of the Charity meeting separately from any council meeting (see also Regulation 15 below).

9 ORDERS FOR WORK, GOOD AND SERVICES

- 9.1 An official order or letter shall be issued by the Clerk for all work, goods and services.
- 9.2 All councillors and officers are responsible for obtaining value for money at all times. As far as reasonable and practicable, the best available terms should be obtained in respect of each transaction, usually by obtaining three or more quotations from appropriate suppliers, subject to any de Minimis provisions in Regulation 10 below.
- 9.3 The Clerk should verify the lawful nature of any expenditure made under Section 137 to ensure that it shall be reported at the meeting at which the order is approved so that the Minutes can record the power being used.

10 CONTRACTS

- 10.1 Procedures as to contracts are laid down as follows: 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 relating to items (i) to (iv) below:
- i. for the supply of gas, electricity, water, sewerage and telephone
 - 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 constitute repairs to or parts for existing machinery or equipment;
 - 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 £750 (in excess of this sum the Clerk shall act after consultation with the Mayor and the Deputy Mayor);
 - vi. for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- 10.2 Where the Council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the Council shall comply with the relevant requirements of the Regulations¹.
- 10.3 The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in the Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time²).
- 10.4 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 Council.
- 10.5 Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall state that tenders must be addressed to the Clerk 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.
- 10.6 Completed tenders will be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of Council.
- 10.7 When it is to enter into a contract of less than £25,000 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 10.1 the Clerk shall obtain three quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £100 the Clerk shall strive to obtain three estimates.
- 10.8 The Council is not bound to accept the lowest, or any, tender, quote or estimate. If less than three tenders are received, or if any are identical, the Council may make arrangements as it deems appropriate. The Council reserves the right to publish the cost of the winning tender.

¹ The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts.

² Thresholds currently applicable are:

- (a) For public supply and public service contracts €209,000 (£164,176)
- (b) For public works contracts €5,225,000 (£4,104,394)

11 PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 11.1 Payments on account of the contract sum shall be made within the time specified in the contract by the Clerk 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).
- 11.2 Where contracts provide for payment by instalments the Clerk shall keep 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.
- 11.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

12 STORES AND EQUIPMENT

- 12.1 The Officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 12.2 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 of delivery.
- 12.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 12.4 The Clerk shall be responsible for periodic checks of stocks and stores at least annually.

13 ASSETS, PROPERTIES AND ESTATES

- 13.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk 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 the Accounts and Audit Regulations.
- 13.2 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 £250.
- 13.3 No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law. In each case a report in writing shall be

provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

- 13.4 No real property (interests in land) shall be purchased or acquired without the authority of the full Council. In each case a report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 13.5 Subject to the limit set in Regulation 13.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full council. In each case a report in writing shall be provided to council with a full business case.
- 13.6 The Clerk 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.

14 INSURANCE

- 14.1 Following the annual risk assessment (per Regulation 16), the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 14.2 The Clerk shall give prompt notification to the Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 14.3 The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 14.4 The Clerk 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.
- 14.5 All appropriate employees and members of the Council shall be included in a fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the Council.

15 CHARITIES

- 15.1 Where the Council is sole managing trustee of a charitable body, the Clerk shall ensure that separate accounts are kept for 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 Clerk shall arrange for any audit or independent examination as may be required by Charity law or any governing document.

16 RISK MANAGEMENT

- 16.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council apart from council-run events which will be prepared by the City Development Manager's (CDM) office. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 16.2 When considering any new activity, the Clerk or CDM shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

17 REVISION OF FINANCIAL REGULATIONS

- 17.1 It shall be the duty of the Council to review the Financial Regulations from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these Regulations.

18 CLERK'S DELEGATED AUTHORITY TO SPEND

- 18.1 The Clerk shall have delegated authority to spend (not exceeding the budgetary provision) within the budget without prior consent of the Council, within the following budget areas subject to an upper limit of £500:
- i) Purchase of routine office stationery, supplies and other items required for the necessary running of the Council office;
 - ii) Payments necessary to avoid Late Payment Charges as detailed elsewhere in Standing Orders;
 - iii) Small payments from petty cash necessary for the efficient administration of the office.

The Clerk shall have delegated authority to spend monies on the following items:

- iv) All items previously approved by council to the level recorded in the appropriate resolution.
- v) Payment of wages (including related payments such as pensions, tax, travel claims, national insurance, but excluding overtime) at the pay scales agreed by Council
- vi) Payment of regular bills for office rent, electricity, telephone, internet, photocopier.
- vii) All regular subscriptions and direct debits previously approved by Council so long as the making of the payment the budget is not exceeded.

viii) All payments in respect of the annual Mayor Making & Mayors Installation and Civic Events.

So long as in making the payment the budget is not exceeded in respect of items iv), v), vi), vii) and viii).

In respect of the Discover Ripon office spend the following provision shall apply.

All spend that requires payment from the marketing and/or events budget, up to but not exceeding the total amount allocated for each item within that budget shall be agreed with Clerk prior to the expense being incurred and authorised for payment by the Clerk to the Council.

This provision is subject to the spend on marketing and events being approved in principle by Full Council.

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