CHIPPENHAM TOWN COUNCIL
Improving the quality of town life

Financial Regulations

Author: Mark Smith

Responsibility: Chief Executive

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1. GENERAL

1.1 These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council or its Strategy and Resources Committee. Financial regulations are one of the Council's key governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the Council's Standing Orders.

1.2 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 financial control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations demonstrate how the Council meets these responsibilities and requirements.

1.3 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, prevent and detect inaccuracy and fraud, and identify the financial duties and division of responsibilities of officers.

1.4 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, or any superseding legislation.

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

1.6 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Town Council.

1.7 The RFO, acting under the policy direction of the Council and managerial direction of the Chief Executive, shall administer the Council's financial affairs in accordance with all Acts, Regulations and proper practices. The RFO shall determine on behalf of the Council 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 Council are maintained and kept up to date in accordance with proper practices and the Accounts and Audit Regulations. The RFO shall assist the Council to secure economy, efficiency and effectiveness in the use of its resources and produce financial management information as required by the Council.

1.8 At least once a year, prior to approving the Annual Governance Statement, the RFO shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.

1.9 Councillors are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute.

1.10 Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

1.11 The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. The following shall be a matter for the Full Council only:

- setting the final budget or the precept (council tax requirement);
- approving accounting statements;
- approving the annual governance statement;
- borrowing;
- declaring eligibility for the General Power of Competence.

The following decisions may be delegated to the Strategy & Resources Committee:

- writing off bad debts over £1,000 (the Chief Executive shall have the authority to write off bad debts under this level);
- addressing recommendations in any report from the internal or external auditors, which may in turn be delegated to the Chief Executive.

1.12 The Council's Donations Sub Committee is authorised to approve Grants and Donations up to its budgeted amount agreed for the year by the Strategy and Resources Committee within the overall Budget approved by Full Council.

2. ANNUAL BUDGET AND FORWARD PLANNING

2.1 Each budget holding Committee shall formulate and submit proposals to the Council's Strategy and Resources Committee in respect of revenue and capital if relevant, including the use of reserves and sources of funding for the following financial year not later than the end of November each year.

2.2 The HR Committee recommends an overall payroll budget to the Strategy & Resources Committee to be included within the Council's overall Budget for approval by Full Council. It also has delegated authority to approve in-year changes to establishment and salaries not included within the annual payroll budget. The Chief Executive, as Head of Paid Service shall have the delegated authority to make revenue neutral, or cost saving changes to the agreed staffing structure of the Council, reporting retrospectively to the Human Resources Committee.

2.3 Detailed estimates of all income and expenditure, 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 Council's Strategy and Resources Committee.

2.4 The Council shall, not later than the end of January each year, fix the Precept to be levied for the ensuing financial year.

2.5 The RFO shall prepare a five year forecast of Revenue and Capital income and expenditure (Medium Term Financial Plan) which may be prepared at the same time as the Annual Budget.

2.6 The Town Council will maintain a general reserve at a level normally equivalent to one quarter of the current Precept.

3. BUDGETARY CONTROL

3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.

3.2 Except as provided below no expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. Expenditure on the following may be incurred without further approval:

i. to meet increases in costs of salaries and wages and authorised expenses arising as a result of awards by a national negotiating body;

ii. to meet unavoidable increases in the cost of day-to-day items included in the budget; and

iii. The Chief Executive, or nominated deputy, may incur expenditure on behalf of the Council which is necessary to cover the cost of any unforeseen purpose where they are satisfied that delay would be detrimental to the best interest of the Council, whether or not there is any budgetary provision for the expenditure, subject to a limit of £10,000. The Chief Executive shall report the action to the Council as soon as practicable thereafter.

Where the required expenditure is estimated to exceed £10,000 the consent of the Chairman or the Vice-Chairman of the appropriate Committee and the Chairman or the Vice-Chairman of the Strategy and Resources Committee will be gained before proceeding.

iv. Claims which by statute have to be met, including any County Court Judgement.

v. Any action under this subparagraph shall be reported to the next meeting of the Committee concerned and to the Strategy and Resources Committee.

3.3 During the budget year and with the approval of Council or its Strategy and Resources Committee, having considered fully the implications for public services, unspent and available amounts may be moved to Capital Earmarked Fund reserves as appropriate (‘virement’).

3.4 The RFO shall regularly provide the Strategy and Resources Committee with a statement of income and expenditure to date under each heading of the budget, comparing actual expenditure to date to that planned in the budget. These statements are to be prepared at least at the end of each financial quarter.

3.5 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the RFO is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.

3.6 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts. Contracts may not be disaggregated to avoid controls imposed by these regulations.

3.7 The Chief Executive is authorised to approve virements between existing approved budget headings where the overall budget total remains the same, provided that:-

i. No policy issues are contravened.

ii. No virements between Capital Earmarked Funds and Revenue are approved.

iii. No virements affecting Capital Earmarked Funds are approved.

4.0 AUTHORISATION OF EXPENDITURE

4.1 The Chief Executive is authorised to incur expenditure, and delegate authority to officers within the approved expenditure limits, within the approved budget.

4.2 Supplies and services may be ordered by an authorised Officer from a previously approved budget subject to receipt of quotations where applicable or other requirements of the approved Procurement Policy.

4.3 With reference to Section 3.2, there are certain instances where expenditure may be incurred outside of the approved budget and reported to the next meeting of the relevant Committee.

4.4 All invoices shall be certified by at least two officers within the approved officer spending limits. The certification of an invoice prior to payment by those officers shall be taken to mean that the certifying officer is satisfied that the goods or services to be paid for have been received by the Council and represent proper value for money.

4.5 A Protocol for delegation of financial responsibility to Spending Officers shall be submitted for approval by the Council from time to time.

5. ACCOUNTING AND AUDIT (Internal and External)

5.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.

5.2 The RFO shall complete the annual statement of accounts of the Council, including the Council’s annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.

5.3 The RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the External Accountant appointed from time to time in accordance with National Policy) and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.

5.4 The Council shall ensure that there is an effective system of internal audit of the Council's accounting and financial operations. Officers and Councillors must provide the RFO or Internal Auditor with any documents they deem necessary for the purpose of conducting the internal audit.

5.5 The Internal Auditor shall be appointed by and shall carry out the work required by the Council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the RFO on a regular basis and review a random selection of payments and cheques quarterly. In order to demonstrate competence, objectivity and independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the Council.

5.6 The RFO shall make arrangements for the opportunity for inspection of the accounts and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.

5.7 The RFO shall, as soon as practicable, bring to the attention of the Strategy & Resources Committee any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

6. BANKING ARRANGEMENTS AND CHEQUES

6.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. Banking arrangements may not be delegated to a committee. They shall be regularly reviewed at an interval of not less than 3 years.

6.2 Cheques and BACS payments drawn on the bank account will be authorised by 2 bank signatories who approve the Authority to Pay by Cheque or BACS form. Cheques drawn on the bank account to be signed by two signatories from the approved list within the bank mandate, in accordance with para 6.1.

7. PAYMENT OF ACCOUNTS

7.1 The RFO will make proper arrangements for the making of its payments to creditors. All payments shall be made in accordance with these regulations.

7.2 All invoices for payment shall be examined, verified and certified by the RFO or person delegated by the RFO, who shall satisfy themselves that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.

7.3 The RFO shall oversee the examination of invoices in relation to arithmetic accuracy and their analysis to the appropriate expenditure heading. The RFO or delegated person shall take all steps to settle all invoices submitted, and which are in order, in accordance with suppliers terms or otherwise within 30 days.

7.4 The RFO or delegated person may provide petty cash to officers for the purpose of covering operational and other expenses. Vouchers for payments made shall be forwarded to the officer holding the petty cash with a claim for reimbursement:

a) The RFO or delegated person shall maintain a petty cash fund £400 for the purpose of covering incidental operational and other expenses, and will maintain a petty cash float of £200 for the Museum and £30 for the Yelde. 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, as provided elsewhere in these regulations.

7.5 Members of staff are able to claim back incidental personal expenses incurred with prior approval from their line manager via an Expense Claim Form.

7.6 If thought appropriate by the RFO payments for supplies or goods may be made by variable Direct Debit or BACS transfer, provided that the instructions for each payment are signed by two authorised bank signatories and evidence of which signatories approved the payments are retained.

7.7 Where internet banking arrangements (e-banking) are made with any bank, the RFO shall be appointed as the Service Administrator or may delegate this responsibility for practical purposes. The bank mandate approved by the Council shall identify a number of officers who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.

7.8 Changes to account details for suppliers which are used for internet banking (e-banking) may only be changed on written hard copy notification by the supplier.

7.9 Any corporate credit card or trade card account opened by the Council must approved by the Chief Executive or RFO and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used for payments on behalf of the Council, outside of expenses.

8. PAYMENT OF SALARIES

8.1 The Council shall make arrangements to fully meet all statutory requirements relating to the payment of salaries, including PAYE and National Insurance.

8.2 If thought appropriate by the RFO , payment of salaries may be made by bank transfer, provided that two bank signatories approve the payment.

8.3 All time sheets or other pay documents shall be in a form prescribed by the RFO and shall be certified by relevant Line Managers.

9. LOANS AND INVESTMENTS

9.1 All loans and investments shall be negotiated in the name of the Council.

9.2 The Council has an Investment Strategy which is in accordance with relevant regulations, proper practices and guidance.

9.3 All investments of money under the control of the Council shall be in the name of Chippenham Town Council.

9.4 All borrowings shall be effected in the name of Chippenham Town Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Full Council as to terms and purpose. Any subsequent arrangements for the loan shall only be approved by Full Council.

9.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

10. INCOME

10.1 The collection of all sums due to the Council shall be the responsibility of the finance team, under the supervision of the RFO.

10.2 The ACL Committee will review all fees and charges annually, once approved by ACL the RFO will then include these in the annual budget presented to S&R.

10.3 Any sums found to be irrecoverable and any bad debts over £1000 shall be reported to the Strategy & Resources Committee.

No debt may be written off without the authority of the Council save that the Chief Executive on the recommendation of the RFO may:

i. Write off debts of less than £1,000 where they are satisfied that the debt is irrecoverable or that cost of collection would exceed the amount of the debt,; and

ii. Settle the cost of legal proceedings relating to debts.

10.4 All sums received on behalf of the Council shall be banked by the finance team as directed by the RFO.

10.5 Personal cheques shall not be cashed out of money held on behalf of the Council.

10.6 The finance team 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.

10.7 Where any significant sums of cash are regularly received by the Council, the RFO shall 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. Copies of orders shall be retained.

11.2 Order books and orders that are generated electronically shall be controlled by the RFO.

11.3 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, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 12.1 below.

11.4 The Budget Holder shall verify the lawful nature of any proposed purchase before the issue of any order or the certification of any expenditure, seeking advice from the RFO if necessary.

11.5 A Procurement Policy shall be determined by the Council and reviewed at least every 3 years.

11.6 A Councillor may not issue an official order or make any contract on behalf of the Council.

11.7 Order books shall be issued by the finance team.

12. CONTRACTS

12.1 Contracts shall comply with the procedures set out below, except in an emergency, or for the following items:

(i) the supply of utilities;

(ii) specialist services such as are provided by solicitors, accountants, surveyors and consultants;

(iii) services, goods or materials for the repair of existing machinery or equipment;

(iv) services, goods or materials which constitute an extension of an existing contract by the Council;

(v) goods or materials which are proprietary articles and/or are only sold at a fixed price.

12.2 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 council shall comply with legislative requirements, including tendering for contracts valued at £30,000 or more.

12.3 Any invitation to tender shall be in accordance with the Council's Procurement Policy. The invitation to tender shall state the general nature of the intended contract and the authorised officer shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall state that tenders must be addressed to the Chief Executive in the ordinary course of post within a sealed envelope or electronically via a secure and confidential methodology. The tender must remain physically or electronically sealed until the prescribed date for opening tenders for that contract.

12.5 All sealed tenders shall be opened at the same time on the prescribed date by the Chief Executive or appointed officer in the presence of at least one Councillor.

12.6 If less than three tenders are received for contracts above £30,000 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.

12.7 When the Council is to enter into a contract less than £30,000 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 12.1, the Chief Executive or appointed officer, shall:-

Up to £10,000 obtain at least one quote, preferably written/e-mail

£10,001 - £30,000 obtain 3 written/e-mail quotations where possible

Above £30,000 - full tender procedure as set out above

12.8 The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

13. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

13.1 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 withholding as may be agreed in the particular contract).

13.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments.

13.3 Any variation to a contract or addition to or omission from a contract greater than 10% must be approved by the Chief Executive and RFO, with the Council being informed where the final cost is likely to exceed the financial provision.

14. ASSETS, PROPERTIES AND ESTATES

14.1 The Chief Executive 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 Accounts and Audit Regulations.

14.2 No property or interests in land with an estimated value of over £40,000 shall be purchased, acquired, sold, leased or otherwise disposed of without the authority of Full Council.

14.3 Moveable property surplus to the Council’s requirements with a value in excess of £5000 shall not be sold, leased or otherwise disposed of without the authority of the Chief Executive or RFO, and above £40,000, with approval of Full Council.

14.4 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.

15. INSURANCE

15.1 Following the annual risk assessment (as per Financial Regulation 16), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

15.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

15.3 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.

16. RISK MANAGEMENT

16.1 The Council is responsible for putting in place arrangements for the management of risk. Risk management policy statements shall be approved by the Chief Executive in respect of all activities of the Council and taken to the next meeting of the Strategy and Resources Committee for adoption. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.

17. ANTI FRAUD AND CORRUPTION STRATEGY

17.1 The Town Council will establish and review at least every 3 years, an Anti- Fraud and Corruption Strategy including in particular the provisions of the Public Interest Disclosure Act 1998.

18. REVISION OF FINANCIAL REGULATIONS

18.1 It shall be the duty of the Council to review the Financial Regulations of the Council at least every 3 years. The RFO 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 financial regulations.