

NEEDHAM MARKET TOWN COUNCIL

FINANCIAL STANDING ORDERS

1 ACCOUNTS AND FINANCIAL STATEMENT

- 1.1 All payments by the Council shall be authorised, approved and paid in accordance with the Council's financial regulations, which shall be reviewed at least annually.
- 1.2 The Responsible Financial Officer (RFO) shall supply to each councillor as soon as practicable after 31 March, 30 June, 30 September and 31 December in each year a statement summarising the Council's receipts and payments for each quarter and the balances held at the end of a quarter. This statement should include a comparison with the budget for the financial year. A Financial Statement prepared on the appropriate accounting basis (receipts and payments, or income and expenditure) for a year to 31 March shall be presented to each councillor before the end of the following month of May. The Statement of Accounts of the Council (which is subject to external audit), including the annual governance statement, shall be presented to Council for formal approval before 30 June.

2 BANK ACCOUNTS

- 2.1 Bank accounts shall not be set up or closed without the authority of the Council and recorded in the minutes.
- 2.2 Every account shall be identified with the Council's name as part of its title.
- 2.3 All income is to be banked and there will be no expenditure from un-banked income other than that allowed under petty cash rules
- 2.4 In addition to a Current Account, higher interest accounts will be maintained, under the review of the Finance and General Purposes Section, for funds not immediately required. The RFO is responsible for effecting transfers as required to keep the Current account in credit
- 2.5 Cheques to be used in sequential order.
- 2.6 Cheques must be authorised with the signature of two Councillors from the list approved and minuted by Council.
- 2.7 It is permissible for the Clerk/RFO to also sign as a third signatory. This is good practice as it shows that the authorised officer has prepared the cheque.

3 INCOME

- 3.1 The RFO will be responsible for collecting all monies due to the Council and banking such on a regular basis.

- 3.2 Bank paying-in slips will show details of the origin of payments received.
- 3.3 The Council will annually review all charges made for premises, services etc.
- 3.4 The RFO will report to the leader of the Finance and General Purposes Section all bad debts in excess of three months.

4. ESTIMATES/ANNUAL BUDGETS/PRECEPTS

- 4.1 The Council shall approve written estimates for the coming financial year at its meeting before the end of January.
- 4.2 Any Section desiring to incur expenditure shall give the Leader of the Finance and General Purposes a written estimate of the expenditure recommended for the coming year no later than December.
- 4.3 Estimates of anticipated receipts/income and payments/expenditure and capital requirements, other than those covered in 4.2 above, will be made by the RFO together with the Leader of the Finance and General Purposes Section.
- 4.4 The RFO and/or Leader of the Finance and General Purposes Section shall prepare the overall draft budget.
- 4.5 The Finance and General Purposes Section shall review this draft budget in December and recommend to full Council a budget for the next year as the basis for setting the precept.
- 4.6 All Council members to be supplied with a copy of the draft budget and any subsequently amended version.
- 4.7 Council will discuss and approve the budget as the basis for setting the precept and for the regular monitoring of the Council's finances

5. CONTROLLING EXPENDITURE AND REPORTING TO COUNCIL

- 5.1 Sections are empowered to plan expenditure against approved budgets. Potential overspend of any Section's budget will require reporting to the Finance and General Purposes Section and, if deemed necessary by the Finance and General Purposes Section, full Council. If such a report is made by a Section and it is deemed necessary to refer the overspend to full Council,, the leader of the Finance and General Purposes Section/RFO will provide Council with a draft amended annual budget including an indication where savings can be made to offset any Section overspend. Any budget approved by full Council becomes its operational budget thereafter.
- 5.2 The RFO will quarterly, provide Sections and Council with updated income and expenditure figures against agreed budgets. Reports will be minuted and appended to the minutes.
- 5.3 Capital expenditure will require prior agreement of full Council. Any related transfer from Council's reserve funds will require a decision by full Council and be minuted

as such

- 5.4 In circumstances where Council requires a loan to fund any of its expenditure, the RFO will advise Council on sources of and availability of loans, taking account of any Statutory Requirements Council must adhere to. No loan arrangement shall be entered into until such advice has been given to Council and Council makes a decision to enter a loan arrangement. Any such decision taken by Council will be minuted.

6. PAYMENT OF ACCOUNTS - EXPENDITURE APPROVAL

- 6.1 The RFO will, before presenting accounts for payment to Council, will verify that all payments included in the accounts are correct, relate to the supply of goods or services that have been received and where relevant that VAT has been shown. The RFO, if unable to verify any invoice received, will refer directly to the relevant section for validation of the invoice prior to inclusion of the invoice in accounts for payment.
- 6.2 The Accounts for Payment list, when countersigned, will be attached to the relevant Council meeting minutes.
- 6.3 Cheques for payment of invoices included in the Accounts for Payment, will be raised by the RFO and presented for signature by Councillors with mandated authority to sign. (the authority to sign must coincide with Council's Bank requirements)
- 6.4 All cheques for signature will be corroborated, i.e. accompanied by a relevant invoice, 'cash with order' confirmation or other documentation which authenticates payment is due . At least one of the cheque signatories will initial the invoice or other confirmation/authentication document to endorse that it agrees with the cheque details.
- 6.5 The RFO and the cheque signatories will initial the cheque stubs to indicate it agrees with the cheque details.
- 6.6 The cheque number will be added to the 'paid' copy invoice, or other documentation that authenticates payment is due, for audit trail purposes.
- 6.7 In exceptional circumstances and where it is necessary to make a payment before it has been authorised by Council (e.g. to avoid additional charges, to obtain a discount) such payments will be certified as to their correctness and urgency by the RFO.

7 PAYMENT BY DIRECT DEBIT/BACs and DEBIT CARD

- 7.1 The RFO will make arrangements to pay for appropriate services and goods (primarily for utility services) by variable Direct Debit/BACs. Any payments made by these means will be reported to Council on the list of payments under the Payment of Accounts process.
- 7.2 The RFO is responsible for the provision and use of Debit Cards in accordance with

any decisions taken by Council and any requirements of Council's bank (i.e. Councillors and staff authorised to hold and use a card, the purposes for which any card can be used, compliance with Council's Bank's rules regarding the obtaining and use of cards, ensuring the security of cards, any thresholds for expenditure by card)

- 7.3 Any transactions using a Debit Card should, whenever possible, be arranged through the RFO and take place via the Town Council Office computer system.
- 7.4 The Clerk/RFO is authorised to make ad-hoc debit card payment (individual) up to but not exceeding £500.00.
- 7.5 Vouchers for payments made by debit card transactions must be kept by or passed to the RFO to substantiate the payment.

8. **SALARIES AND OTHER STAFF PAYMENTS**

- 8.1 The Council will annually review salaries and other staff payments.
- 8.2 All salary levels and adjustments to staff payments to be prior approved by Council and minuted.
- 8.3 RFO to maintain records to satisfy Inland Revenue requirements .
- 8.4 RFO to ensure that Tax and N.I liabilities, if any, are met.

9. **EXPENSES - STAFF AND COUNCILLORS**

- 9.1 Staff are eligible to claim authorised travel and out of pocket expenses when on Council business.
- 9.2 Councillors are eligible to claim travel and out of pocket expenses for authorized Council business out of Needham Market, including attending training.
- 9.3 Calculation of travel and expenses is to be based on Local Government NJC scales for travel allowance and payment of actual expenses incurred.
- 9.4 All claims to be made in writing in the name of the person claiming and signed by them.
- 9.5 Claims to be supported by receipts where appropriate (e.g. expenses)
- 9.6 Staff and Councillors are encouraged to minimise claims by arranging car sharing etc. where possible.
- 9.7 RFO to maintain records of such payments to satisfy any Inland Revenue requirements.

10. **PETTY CASH**

- 10.1 The RFO shall maintain a Petty Cash Float to meet day to day cash expenditure.

The average float should not exceed £100.

- 10.2 The Petty Cash Book will be submitted for verification when further funds are required and as proof for those signing the cheque to obtain cash, which will be included in the list of cheques submitted to full Council under the Payments of Accounts process.

11. **ORDERS**

- 11.1 All orders for goods and or services other than those obtained through Petty Cash shall be recorded with an order number and date. Where suppliers order forms are used the RFO is to ensure a copy is taken and retained.
- 11.2 When an order for goods or services is made via electronic means (i.e. directly to a supplier via the internet or other electronic ordering facility) the RFO is to obtain a copy of any order details (typically an order reference, specification, price and date produced and printable at the point of acceptance of the order by the supplier) or record full details of the order.
- 11.3 The RFO to ensure that goods and services received are in accordance with any order (e.g. comparing delivery details with order copies)
- 11.4 The RFO is to retain copies of all orders for audit purposes

12. **CONTRACTS – TENDERS**

- 12.1 All contracts shall be approved by full Council
- 12.2 Any proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £10,000 shall be procured on the basis of a formal tender as summarised below.

Any formal tender process shall comprise the following steps:

- a public notice of intention to place a contract to be placed in a local newspaper;
 - a specification of the goods, materials, services and the execution of works shall be drawn up;
 - tenders are to be sent, in a sealed marked envelope, to the Proper Officer by a stated date and time;
 - tenders submitted are to be opened, after the stated closing date and time, by the Proper Officer and at least one member of the Council;
 - tenders are then to be assessed and reported to the appropriate meeting of Council or Section.
- 12.3 Where the process set out in 12.2 above is applied, a minimum of three tenders will be sought although failure to obtain three tenders, where there is evidence of at least three potential suppliers being sought, will not make the process invalid
- 12.4 The Council is not bound to accept the lowest tender, estimate or quote.

12.5 Where the value of a contract is likely to exceed £138,893 (or other threshold specified by the Office of Government Commerce from time to time) the Council must consider whether the Public Contracts Regulations 2006 (SI No.5, as amended) and the Utilities Contracts Regulations 2006 (SI No. 6, as amended) apply to the contract and, if either of those Regulations apply, the Council must comply with EU procurement rules.

13. **INSURANCE**

13.1 The Clerk/RFO will be responsible for ensuring Council has adequate insurance to include cover for property, third party liability, fidelity guarantee, employers liability and other areas as directed by Council and any statutory requirements.

13.2 Insurance levels to be reported to and approved annually by Council.

13.3 The Clerk/RFO to maintain Council's Risk Register including its annual review.

13.4 The Clerk/RFO will notify the relevant section and/or Council of new risks arising.

13.5 The Clerk/RFO will be responsible for identifying and processing all claims and informing Council accordingly.

14. **ASSET REGISTER**

14.1 The RFO will maintain a register of Council assets, reviewed annually by Council.

14.2 No property on the Asset Register shall be sold or otherwise disposed of without the consent of Council.

15. **COMPUTERISED RECORDS**

15.1 The Clerk/RFO will keep any passwords required to access Council's financial and any other computerised records secure.

15.2 The Clerk/RFO will arrange for backup of essential data held on Council's computer system.

15.3 The Clerk/RFO will maintain protection and security of the Council's computer system by ensuring the system includes the appropriate software.

15.4 The Clerk/RFO will ensure that Council records, their storage, accessibility and use meet the requirements of the Data Protection Act 1998 and the Freedom of Information Act 2000.

16. **INTERNAL AUDIT**

16.1 The Council will appoint annually an Internal Auditor whose responsibility will be to assist the Council maintain and improve its integrity by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of financial management, risk management, control and governance processes.

16.2 The person appointed as Internal Auditor must provide independent and objective advice.

17. RISK MANAGEMENT

17.1 The financial risks of the Council, including the control measures in place, must be recorded in the Council's Risk Register

17.2 A review of financial risks must be made annually.

18. REVISION OF FINANCIAL STANDING ORDERS

18.1 No amendments to these orders can be made without reference to the Council.

Updated and amended February 2013

Adopted by Council 20th February 2013 (C031/13)