

**HEANOR & LOSCOE TOWN COUNCIL**

**FINANCIAL REGULATIONS**

**1. General**

- 1.1 These financial regulations shall 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 Town Clerk/Responsible Financial Office (TC/RFO) under the policy direction of the Town Council Executive Committee (Exec Committee) shall be responsible for the proper administration of the Council's financial affairs.
- 1.3 The TC/RFO shall be responsible for the production of financial management information.

**2. Annual Estimates**

- 2.1 Each committee shall formulate and submit proposals to the Town Council Executive Committee in respect of revenue services and capital projects for inclusion in the rolling capital programme ideally by the end of November each year.
- 2.2 Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the TC/RFO.
- 2.3 The Town Council Executive Committee shall review the estimates and submit them to the Town Council no later than January each year and shall recommend the precept to be levied for the ensuing financial year. The TC/RFO shall supply each member with a copy of the approved estimates.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

**3. Budgetary Control**

- 3.1 Expenditure on the revenue account may be incurred up the amounts included in each approved committee budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate committee revenue budget unless a virement has been approved by the Town Council Executive Committee or the Council.
- 3.3 The TC/RFO shall provide every Town Council Executive Committee with a statement of income and expenditure to date under each head of the approved annual revenue and capital budgets.
- 3.4 The TC/RFO 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 TC/RFO shall report the action to the appropriate committee as soon as practicable thereafter.
- 3.5 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within that committee's approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Town Council Executive Committee or the Council.
- 3.6 Unspent provision in the revenue shall not be carried forward to a subsequent year.

## Appendix 2

3.7 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the Committee concerned is satisfied that it is contained in the rolling capital programme and that the necessary capital funds are available, or the requisite borrowing approval can be obtained.

3.8 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 TC/RFO as required by the Accounts and Audit Regulations 1996.

4.2 The TC/RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and shall submit them to and report thereon to the Town Council Executive Committee.

4.3 An individual selected by the Council is to be responsible for maintaining an 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. The TC/RFO of the Council shall, if the internal auditor (IA) requires make available such documents of the Council which relate to their accounting and other records as appear to the IA to be necessary for the purpose of the audit and shall supply the IA with such information and explanation as the internal auditor considers necessary for that purpose.

### **5. Banking Arrangements and Cheques**

5.1 The Council's banking arrangements shall be made by the TC/RFO and approved by the Town Council Executive Committee. One general current account shall be maintained at the bank.

5.2 A schedule of the payment of money shall be prepared by the TC/RFO and submitted to Town Council. If the schedule is in order it shall be authorised by a resolution.

5.3 Cheques drawn on the bank account in accordance with the schedule referred to in the previous paragraph shall be signed by three of the following persons – the RFO and two duly authorised members, one of which shall not be the IA.

### **6. Payment of Accounts**

6.1 If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) and any National Non Domestic Rates may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to the Council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Council at least every two years.

6.2 If thought appropriate by the Council, payment for certain items (principally Salaries\_ may be made by Banker's Standing Order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to Council as made. The approval of the use of a Banker's Standing Order shall be renewed by resolution of the Council at least every two years.

6.3 If thought appropriate by the Council, payment for certain items may be made by BACS or CHAPS methods. The approval of the use of Bacs or CHAPS shall be renewed by resolution of the Council at least every two years.

## Appendix 2

- 6.4 Apart from petty cash payments all payments shall be effected by cheque or other order drawn on the Council's bankers with the exception of utilities and staff salary/wages which will be paid by BACS and reported to Town Council at the earliest opportunity.
- 6.5 All invoices for payment shall be examined, verified and certified by the TC/RFO issuing the order. Before certifying an invoice the TC/RFO shall satisfy himself/herself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.6 Duly certified invoices shall be passed to the TC/RFO who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head. He/she shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.7 When the TC/RFO is satisfied that invoices are in order he/she shall issue final certification on the Invoice.
- 6.8 All duly certified invoices will then be entered on the schedule submitted to Town Council.
- 6.9 The TC/RFO may hold petty cash for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the TC/RFO with a claim for reimbursement:
- a) The TC/RFO shall maintain a petty cash float to a limit of £100.00 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, as provided elsewhere in these regulations.
  - c) Payments to maintain the petty cash float shall be shown separately on the schedule of the payment of money presented to the Town Council Executive Committee (under 5.2 above).

## **7. Payment of Salaries and Wages**

- 7.1 The payment of all salaries and wages shall be by BACS from the general account in accordance with the payroll records.
- 7.2 All time sheets shall be certified as to accuracy by the TC/RFO.
- 7.3 The general account shall not be overdrawn at the bank.

## **8. Loans & Investments**

- 8.1 All loans and investments shall be negotiated by the TC/RFO in the name of the Council, and shall be for a set period of time in accordance with council policy. Changes to loans and investments should be reported to the Town Council Executive Committee at the earliest opportunity.
- 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.
- 8.4 All investment certificates and other documents relating thereto shall be retained in the custody of the TC/RFO.

**9. Income**

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the TC/RFO.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the TC/RFO and the TC/RFO shall be ultimately responsible for the collection of all amounts due to the Council.
- 9.3 The Council will review all fees and charges annually, following a report of the TC/RFO.
- 9.4 Bad debts shall be reported to the Town Council Executive Committee, when they are 6 months old.
- 9.5 All sums received on behalf of the Council shall be paid to the TC/RFO for banking. In all cases all receipts shall be deposited with the Council's bankers and with such frequency as the TC/RFO considers necessary.
- 9.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.

**10. Orders for Work, Goods and Services**

- 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 e.g. petty cash purchases. Copies of orders issued shall be maintained.
- 10.2 Order books shall be controlled by the TC/RFO.
- 10.3 The TC/RFO is responsible for obtaining value for money at all times, and 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.

**11. Contracts**

- 11.1 Procedures as to the contracts whether made by the Council or by a committee to which the Power of making contracts has been delegated shall comply with these standing orders, and no exception from any of the following provisions of these standing orders shall be made otherwise than by direction of the Council or in an emergency by such a committee as aforesaid provided that these standing orders shall not apply to contracts which relate to items (i) to (v) below:
- i) for the supply of gas, electricity, water, 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 parts 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 goods or materials proposed to be purchased which are proprietary articles and/or which are sold at a fixed price.

**11. Contracts (cont)**

- b) Where it is intended to enter into a contract:
  - i) 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 TC/RFO shall invite tenders from at least three firms, such firms to be taken from an appropriate approved list.
  - ii) for expenditures of £5,000 or less in value the chairman or his/her appointed vice chairman together with the TC/RFO shall have executive power.
- c) When applications are made to waive standing orders relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- d) Every exception made by a committee to which the power of making contracts has been delegated shall be reported to the Council and the report shall specify the emergency by which the exception shall have been justified.
- e) Such invitation to tender shall state the general nature of the intended contract and the TC/RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that the tenders must be addressed to the Town Clerk and RFO and the last date by which such tenders should reach the Town Clerk and RFO in the ordinary course of post. Each tendering firm shall be supplied with a specially marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- f) All sealed tenders shall be opened at the same time on the prescribed date by the Town Clerk and RFO in the presence of at least one member of the Council.
- g) If less than three tenders are received for contracts valued above £5,000 or if all tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- h) The Council shall not be obliged to accept the lowest or any tender, including the use of best value criteria.

**12. Payments under contracts 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 TC/RFO upon authorised certificates or the architect or other consultants engaged to supervise the contract.
- 12.2 Where contracts provide for payment by instalments the TC/RFO shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the appropriate committee.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the TC/RFO in writing, the appropriate committee being informed where the final cost is likely to exceed the financial provision.

**13. Stores and Equipment**

- 13.1 The member of staff in charge of each section or area of activity shall be responsible for the care and custody of stores and equipment in that section or area.
- 13.2 Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time delivery is made.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The TC/RFO shall be responsible for an annual check of all stocks and stores.

**14. Properties and Estates**

- 14.1 The TC/RFO shall make appropriate arrangements for the custody of all title deeds or properties owned by the Council. The TC/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.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Town Council.

**15. Insurance**

- 15.1 The TC/RFO shall affect all insurances and negotiate all claims on the Council's insurances.
- 15.2 The TC/RFO shall give prompt notification to the Council's insurers of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The TC/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 TC/RFO shall be notified of any loss, liability or damage or of any event likely to lead to a claim.
- 15.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

**16. Revision of Financial Regulations**

- 16.1 It shall be the duty of the Town Council Executive Committee to review the financial regulations of the Council from time to time and to make such recommendations to the Council as the committee considers are required.