

EARLEY 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 Responsible Financial Officer (RFO) under the policy direction of the Policy & Resources Committee shall be responsible for the proper administration of the Council's financial affairs.
- 1.3 The 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 Policy & Resources Committee in respect of revenue services and capital projects for inclusion in the rolling capital programme in time for its meeting prior to the February Council meeting.
- 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 RFO.

- 2.3 The Policy & Resources Committee shall review the estimates and submit them to the Council at its February meeting each year and shall recommend the precept to be levied for the ensuing financial year. The 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 to 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 P & R Committee or the Council except in the case of a virement between budget heads under the control of one Committee, in which case that Committee shall have powers of virement."
- 3.3 The RFO shall periodically provide each Committee with a Statement of Income and Expenditure at the Committee cycles following these dates:
- 30<sup>th</sup> June
  - 30<sup>th</sup> September

- 30<sup>th</sup> November
- 31<sup>st</sup> March

- 3.4 The Town 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 £2,500. The Town Clerk 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 P & R Committee or the Council.
- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 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 are 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 RFO as required by the Accounts and Audit Regulations 2003 as amended.
- 4.2 The 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 Council.
- 4.3 The following principles shall be observed in connection with accounting duties.
- (a) The duty of providing information, calculating, checking and recording sums due to, or from, the Council, should be separated as completely as possible from the duty of collecting or dispersing them.
  - (b) Officers charged with the duty of examining and checking the accounts of cash transactions

should not be engaged in any of those transactions.

- 4.4 The RFO shall 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. Any officer or member of the Council shall, if the RFO requires, make available such documents of the Council which relate to their accounting and other records as appear to the RFO to be necessary for the purpose of the audit and shall supply the RFO with such information and explanation as the RFO considers necessary for that purpose.

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

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. Two current accounts shall be maintained at the bank, a general account and imprest account.
- 5.2 A schedule of the payment of money shall be prepared by the RFO and together with the relevant invoices etc presented to the P & R Committee or Council. If the schedule is in order it shall be authorised by a resolution and signed by the Chairman or Vice-Chairman.

5.3 Cheques and autopay sheets drawn on the two bank accounts in accordance with the schedule referred to in the previous paragraph shall be signed by two of the following officers – the Town Clerk or by one of two other duly authorised officers.

## **6. Payment of Accounts**

6.1 Apart from petty cash payments all payments shall be effected by cheque or other order drawn on the Council's Bankers.

6.2 All invoices for payment shall be examined, verified and certified by the officer issuing the order. Before certifying an invoice the officer shall satisfy himself that the work, goods, or services to which the invoice relates have been received, carried out, examined and approved.

6.3 Duly certified invoices shall be passed to the Finance Officer who shall examine them in relation to arithmetical accuracy and authorisation, and shall ensure they are coded to the appropriate expenditure head. He shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.

6.4 When the Finance Officer is satisfied that invoices are in order she shall pass them

to the Town Clerk for final certification in the box provided.

6.5 All duly certified invoices will then be entered on the schedule referred to in 5.2 above.

6.6 The RFO may provide petty cash to officers for the 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 to a limit of £100 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) The RFO should maintain a regular check on the balance of cash held in petty cash account and sign this off.

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

- 7.1 The payment of all salaries and wages shall be made by the RFO from the imprest account in accordance with the payroll records.
- 7.2 All time sheets shall be certified as to accuracy by or on behalf of the Town Clerk.
- 7.3 The imprest account shall not be overdrawn at the bank. Transfers to fund it shall be made from the Council's general account and shall be shown separately on the schedule of the payment of money presented to the P & R Committee or Council (under 5.2 above).

## **8. Loans and Investments**

- 8.1 All loans and investments shall be negotiated by the 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 investment should be reported to the P & R 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 effected in the name of the Council.



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

9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts due to the Council.

9.3 The Council will review all fees and charges annually, following a report of the Town Clerk.

9.4 Any bad debts shall be reported to the appropriate Committee.

9.5 All sums received on behalf of the Council shall either be paid to the RFO for banking or be banked by the officer collecting the money 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.

9.6 A reference to the related debt, or otherwise, indicating the origin of each

cheque, shall be entered on the paying-in slip.

*(Note: that it is not possible to list each cheque on the paying-in slip, due to the number of cheques being paid in at any one time. In practice a separate list is provided to the bank at the time of paying-in).*

- 9.7 Every transfer of official money from one member of staff to another shall be signed for by the receiving officer.
- 9.8 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 eg petty cash purchases. Copies of orders issued shall be maintained.
- 10.2 Order books shall be controlled by the RFO.
- 10.3 All officers are responsible for obtaining 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.

## 11. Contracts

11.1 Procedures as to the contracts are laid down in the Council's standing orders as follows:

- (a) Every contract 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 and business rates
  - (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 only at a fixed price.

(b) Where it is intended to enter into a contract:

(i) exceeding £1,500 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 Town Clerk shall invite quotes from at least three firms, such firms to be taken from the appropriate approved list.

- (ii) for expenditures of £1,500 or less in value the Town Clerk or the duly authorised deputy 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 shall be reported to the Council and the report shall specify the reasons by which the exception shall have been justified.
- (e) Where it is intended to enter into a contract exceeding £40,000 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 Town Clerk shall invite tenders from at least three firms, such firms to be taken from the appropriate approved list.

- (f) Such invitation to tender shall state the general nature of the intended contract and the Town Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Town Clerk and the last date by which such tenders should reach the Town Clerk 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.
- (g) All sealed tenders shall be opened at the same time on the prescribed date by the Town Clerk or the properly authorised deputy in the presence of at least one member of the Council.
- (h) If less than three tenders are received for contracts valued above £40,000 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.
- (i) The Council shall not be obliged to accept the lowest or any

tender. In the event that the lowest quote was not chosen, then a note should be placed on the copy order kept in the office to give the reason why a higher quote was accepted.

- (j)(a) For any decision delegated to an Officer either expressly by Council or a Committee or by a scheme of delegation that:
  - (i) Grants a permission or licence.
  - (ii) Affects the rights of an individual.
  - (iii) Awards a contract or incurs expenditure which materially affects the local Council's financial position.The decision making Officer must produce a written record as soon as practicable after taking the decision.
  
- (b) The following decisions are not included:
  - (i) Routine administrative and organisation decisions.
  - (ii) Decisions on operational matters such as changes to services and charges.
  - (iii) Any written decision that is already recorded by a written record and produced (placed on the web) by virtue of other legislation.

- (iv) Any decision which would be exempt or confidential, e.g. that identifies an individual.
- (c) The threshold for recording decisions that materially affects the Council's financial position is set at £40,000.

## **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 RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract.
- 12.2 Where contracts provide for payment by instalments the 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 Town Clerk 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 officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 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 RFO shall be responsible for an annual check of all stocks and stores.

### **14. Properties and Estates**

- 14.1 The Town Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Town 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 regulation 5(3)(b) of the Accounts and Audit Regulations 2003.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, save where the

estimated value of any one item does not exceed £1,000.

## **15. Insurance**

- 15.1 The Town Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 Officers of the Council shall give prompt notification to the Town Clerk 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 effected 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.
- 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 Policy & Resources Committee to review the Financial Regulations of the Council in accordance with the Account and Audit Regulations and to make such

recommendations to the Council as the  
Committee considers are required.

May 2015  
F:Misc/Councillors/MembersHandbook/Financ.Regis