

# **HUNTINGDON 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 Finance Committee shall be responsible for development and maintenance of the Council's Financial Plan, Strategic Objectives and other general policy direction required for the effective control of the Council's financial affairs.
- 1.3 As directed by the Finance Committee, The Responsible Financial Officer (RFO) shall be responsible for the proper administration of the Council's financial affairs and shall ensure regular and appropriate provision of financial management information to its Members.

### **2. ANNUAL ESTIMATES**

- 2.1 Each Committee shall formulate and submit proposals to the Finance Committee in respect of capital projects for inclusion in the rolling capital programme not later than 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 RFO.
- 2.3 The Finance Committee shall review the estimates and submit them to the Council not later than the end of January in 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 budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate revenue budget unless virement has been approved by the Finance Committee or the Council.
- 3.3 The RFO shall periodically provide the Finance Committee with a statement of income and expenditure to date under each head of the approved annual revenue and capital budgets.
- 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 budget provision or from savings made elsewhere within that Committee's approved budget, it shall be subject to a supplementary estimate approved by the Finance Committee or the Council.
- 3.6 Where budget provisions have been approved by the Finance Committee as part of the Capital Programme, unspent balances may 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 1996 and according to good practice provided in "Governance and Accountability for Local Councils in England - A Practitioners Guide".
- 4.2 The RFO shall be responsible for preparing the financial accounts of the Council as soon as practicable after the end of the financial year and shall report and submit them to the Finance Committee for recommendation to the Council.
- 4.3 The RFO shall be responsible for maintaining an adequate and effective system of internal control and internal audit of the Council's accounting, financial and other operations and shall provide the report of the internal auditor and evidence of adequate systems of internal control to the Finance Committee for recommendation to the Council.
- 4.4 The RFO will ensure that the Council's obligations for external audit are met.

#### **5. BANKING ARRANGEMENTS AND CHEQUES**

- 5.1 The Finance Committee shall, from time to time, review the Council's banking arrangements and the RFO shall be authorised to operate such banking accounts as he/she considers necessary. The normal method of payment of money due from the Council shall be by cheque drawn on one of the Council's banking accounts.
- 5.2 The payment of invoices, claims and accounts which are within approved budget, may be authorised by the RFO.
- 5.3 The Finance Committee shall receive a list of all payments made in accordance with 5.2 above together with a schedule of the payment of all other invoices, claims and accounts.

- 5.4 The Town Clerk (or in his absence the Deputy Town Clerk) will be authorised (but not compelled) to sign cheques on the Council's behalf for sums not exceeding £1,000 from the Imprest Account (No 2).
- 5.5 The Town Clerk (or in his absence the Deputy Town Clerk) is delegated authority to transfer sums between the Council's bank accounts, in order to meet the cash flow requirements of the Council.
- 5.6 At each meeting of the Finance Committee members will be presented with a statement (as at present) of all cheques issued on the Council's behalf since the last meeting. Members will also be advised which of these cheques has been signed by the Town Clerk, and which transfers to "top up" the Imprest Account (No 2) have been authorised by which members and on what date.
- 5.7 In the absence of the Town Clerk, all cheques shall be signed by two members of the Council.
- 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 or by BACS system approved by the District Auditor.
- 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 Once invoices are checked against delivery notes the delivery notes may be discarded.
- 6.4 Duly certified invoices shall be passed to the RFO who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head. All possible steps will be taken to settle all invoices submitted, and which are in order, within 10 days of their receipt.
- 6.5 All duly certified invoices will then be entered on the schedule referred to in 5.3 above.
- 6.6 Invoices may be authorised for payment by the Town Clerk (or in his absence, and as a matter of urgency, by the Deputy Town Clerk).
- 6.7 The voucher number allocated to the invoice must be reproduced in the payments record and on the schedule of payments published for the Finance Committee .
- 6.8 A petty cash float may be kept by the Town Clerk and the Medway Centre Manager on cheques drawn from the Imprest (No 2) account.
- 6.9 Expenditure from petty cash may be authorised by the Town Clerk or (in his absence) by the Deputy Town Clerk, the Medway Centre Manager or the Finance Administrator.
- 6.10 Receipts and stubs must be attached to the petty cash voucher whenever possible. Petty cash for services must always be signed for by the recipient.

6.11 A petty cash ledger shall be maintained and shall show at any time the current cash-in-hand situation.

## **7. PAYMENT OF SALARIES AND WAGES**

7.1 The payment of all salaries, wages, pensions, compensation, car allowances, subsistence allowances and other emoluments to all employees, or former employees of the Council, shall be made by the RFO in accordance with nationally negotiated agreements or under arrangements approved by the Finance Committee .

7.2 All time sheets shall be certified as to accuracy by the Town Clerk or RFO.

## **8. LOANS AND INVESTMENTS**

8.1 Monies available shall be invested at the discretion of the RFO, with preference for secure investments with either reputable banks or building societies based in the United Kingdom and on terms and conditions best beneficial to the Council. The Town Clerk shall consult when necessary with the Chairman of the Finance Committee on the terms and conditions of major investment changes.

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.  
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 Finance Committee .

9.5 Following best endeavours (which may include County Court proceedings) by the RFO to recover outstanding debts, bad debts may be written off by a decision of the Finance Committee .

9.6 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.

9.7 Incoming monies must always be the subject of a receipt. That receipt number must be reproduced in the income statement.

9.8 When monies are received they must be banked sufficiently frequently so that no more than £500 is kept in the locked containers.

9.9 The income statement must show how all receipts are banked and when. Paying-in stubs must be kept for 6 years.

- 9.10 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 9.11 Every transfer of official money from one member of staff to another shall be signed for by the receiving officer.
- 9.12 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 purposes. Orders for works/services may be signed by the Town Clerk (or by the Deputy Town Clerk, the Administration Manager or Parks Manager for purchases within agreed budgetary limits). Copies of all orders issued shall be kept for not less than 6 years.
- 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 Consideration shall always be given to the purchase of supplies or services through the Eastern Shires Purchasing Organisation (or its successors) subject to their prices remaining economically attractive.
- 11.2 No contract for the supply of goods or execution of works which is estimated to exceed £10,000 shall be made unless either:-
- (a) At least ten days public notice has been given in one or more of the local papers circulating in the area of the Town Council and in such trade journals as considered desirable, stating the nature and purpose of the contract, inviting tenders for its execution and stating the last date when tenders will be accepted; or
  - (b) Tenders have been invited from at least 3 persons selected from a list of persons who have been invited by public notice given in the manner described in a above to have their names placed on a list of persons able and willing to tender for contracts for the supply of goods or materials of specified categories of work; this list shall be either the one maintained by the District Council, or the one maintained by the County Council.
  - (c) In the event that the works/services to be undertaken are of such a specialist nature that the above conditions cannot reasonably be met, then a negotiated tender may be considered.
- 11.3 Tenders may be accepted and approved by the following after the appropriate scrutiny has been undertaken:-
- (a) **Up to £10,000** – by the Town Clerk, provided the accepted tender is within a budget provision already approved by the Council,
  - (b) **£10,000 - £50,000** – Chairman and Vice Chairman of the Finance Committee (or an agreed substitute in the absence of either) in consultation with the Town Clerk, and provided the accepted tender is within a budget provision already approved by the Council.
  - (c) **Over £50,000 and any negotiated tender** – The Finance Committee, unless otherwise specifically determined.

- 11.4 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 (a) to (g) below:-
- a. for the supply of gas, electricity, water, sewerage and telephone services.
  - b. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.
  - c. for work to be executed or goods or materials to be supplied which consists of repairs to or parts for existing machinery or equipment or plant.
  - d. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council.
  - e. for goods or materials proposed to be purchased which are proprietary articles for which there is no suitable alternative and/or which are sold only at a fixed price.
  - f. for other reasons, there would be no genuine competition.
  - g. where it is not considered reasonably practicable in the Council's interest so to do.
- 11.5 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.
- 11.6 Every exception to which the power for 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.
- 11.7 Invitations 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.
- 11.8 The date and time of the receipt of tenders shall be noted on the sealed envelope and tenders kept securely in a locked cabinet until opening.
- 11.9 A register of tenders shall be maintained detailing:-
- a. Name of Contractor
  - b. Amount of tender
  - c. signature of person opening tenders
  - d. Signature of person receiving tender for evaluation.
- 11.10 If the evaluation indicates an error or anomaly, the Town Clerk/RFO shall raise the matter in writing with the tenderer, who shall be given an opportunity to withdraw or correct the tender. This should be done prior to the tenders being considered by the Council and every effort shall be made to ensure that such procedure does not give the tenderer an unfair advantage.
- 11.11 Late tenders will not be accepted.
- 11.12 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. Tenders may be accepted by the Chairman of the appropriate Committee.

- 11.13 A tender other than the lowest tender, if payment is to be made by the Council, or highest tender if payment is to be received by the Council, shall not be accepted without the prior approval of the Finance Committee .

## **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 10% 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 financial provision.

## **13. STORES AND EQUIPMENT**

- 13.1 Authorised officers are responsible for maintaining proper security at all times for all buildings, stock, stores, furniture, equipment, cash etc, under their control. They shall consult the RFO in any case where security is thought to be defective or where it is considered that special security arrangements may be needed. Maximum limits for cash holdings shall be agreed with the RFO and shall not be exceeded without express permission.
- 13.2 Surpluses or deficiencies revealed by stocktaking/audit procedures shall be recorded by the RFO. If he/she is satisfied as to the circumstances, the necessary adjustments may be made to the records. If the RFO is not satisfied as to the circumstances, he/she shall report on the matter to the Finance Committee .

## **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 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 Council, save where the estimated value of any one item does not exceed £1,000.

## **15. RISK MANAGEMENT AND INSURANCE**

- 15.1 The Finance Committee will develop and adopt an appropriate risk management strategy which will ensure the identification and effective management of all risks and in particular its significant business risks.

- 15.2 Under the direction of the Finance Committee, The RFO will ensure appropriate assessment of the risks facing the Council and take appropriate steps to manage these, including the introduction of internal controls and/or arrangement of insurance cover where required.
- 15.3 The RFO shall effect all insurances and negotiate all claims on the Council's insurers and ensure that appropriate controls and/or insurance are arranged for all new risks, properties or vehicles. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.
- 15.4 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and this shall be annually reviewed by the Finance Committee before renewal.

## **16. REVISION OF FINANCIAL REGULATIONS**

- 16.1 It shall be the duty of the Finance 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.