



Thame Town Council

# Financial Regulations

# THAME TOWN COUNCIL



## FINANCIAL REGULATIONS

### 1. General

- 1.0 These financial regulations govern the conduct of the financial transactions of Thame Town Council and may only be amended or varied by resolution of the Council.
- 1.1 The Council is responsible in law for ensuring that its financial management is adequate and effective. The Council is required to ensure that there is a sound system of financial control that 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.
- 1.2 Any expenditure incurred shall be in accordance with these financial regulations.
- 1.3 The Town Clerk has been appointed as the Responsible Financial Officer (RFO) for the Council and acting under the policy direction of the Council, shall administer the financial affairs in accordance with proper practice.
- 1.4 The financial regulations shall be reviewed once a year.

### 2. Annual Estimates

- 2.0 Detailed estimates of all receipts and payments for the year shall be prepared each year by the Town Clerk in the form of a budget to be considered by the Council.
- 2.1 Each Standing Committee shall nominate 3 representatives to a Budget Working Group that will formulate and submit proposals to the Council in respect of revenue services and capital projects including the use of reserves and sources of funding for the following financial year not later than the end of December each year.
- 2.2 The Budget Working Group shall review the estimates and shall recommend the precept and submit to Council not later than the end of December each year for approval. The Town Clerk shall issue the precept billing to the billing authority and supply each member with a copy of the approved budget.
- 2.3 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.4 The Council shall prepare and have regard to a three year forecast of Revenue and Capital Receipts and Payments which shall be prepared at the same time as the annual Budget.

### **3 Budgetary Control**

- 3.0** Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.1** Items purchased from the revenue budget that exceed £5,000 must be treated as capital expenditure.
- 3.2** No expenditure may be incurred which cannot be met from the amount provided in the appropriate committee revenue budget unless a virement within that committee budget has been approved by the Town Clerk.
- 3.3** Each Standing Committee with a budget, will be provided with a regular budget summary statement under each heading of the budgets, comparing actual with estimated expenditure to date under each heading of the approved annual revenue and capital budget.
- 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 £5,000. The Town Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5** Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless specially approved by the Council.
- 3.6** No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 3.7** All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 3.8** The Town Clerk shall supply to each member as soon as practicable after 31 March in each year a statement of the receipts and payments of the Council for the completed financial year.

### **4. Accounting and Audit**

- 4.0** The Town Clerk shall determine on behalf of the Council its accounting records and accounting control systems ensuring that the systems are observed and the records are maintained and kept up to date in accordance with proper practices as required by the Accounts and Audit Regulations 1996 as amended.
- 4.1** The Town Clerk shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
- 4.2** The Town Clerk shall be responsible for ensuring that the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) are completed and the Annual Return is submitted for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 1996 as amended, or set by the Auditor.

- 4.3 The Town Clerk shall be responsible for ensuring that there is 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 as amended. Any officer or member of the Council shall, if required, make available such documents of the Council which appear to be necessary for the purpose of the internal audit and shall supply such information and explanation as the Town Clerk or Internal Auditor considers necessary for that purpose.
- 4.4 The Internal Auditor shall carry out the work required by the Town Clerk, or by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.5 The Town Clerk shall, as soon as practicable, bring to the attention of the Full Council any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative nature.

## 5. Banking Arrangements and Cheques

- 5.0 The Council's banking arrangements shall be made by the Town Clerk and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.1 Orders for the payment of money included within the Estimate of Expenditure for the coming year shall be delegated to the Town Clerk for authorisation and **shall be signed by two members.**

## 6. Payment of Accounts

- 6.0 All payments shall be effected by cheque or other order (e.g. BACS) drawn on the Council's bankers.
- 6.1 All invoices for payment shall be examined, verified and certified by the officer originating the order. Before processing an invoice for payment the originating officer shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved and are charged at the correct price.
- 6.2 All invoices shall be certified for payment by the Town Clerk who shall examine them in relation to arithmetic accuracy and authorisation and shall check they are coded to the appropriate expenditure heading. All steps shall be taken to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.3 All duly certified invoices will then be entered on a schedule of payments. These will be made available to the Chairman and Deputy Chairman of the Standing Committees that have budget responsibilities.
- 6.4 A petty cash float will be operated to a limit of £250 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
- 6.5 Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.

- 6.6 Payment for utility supplies and vehicle fuel may be made by variable Direct Debit provided that the instructions are authorised by the Town Clerk and signed by two members.

## **7 Payment of Salaries**

- 7.0 The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by the Personnel Committee.
- 7.1 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts.

## **8. Loans and Investments**

- 8.0 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy. Changes to loans and investments should be reported to the Policy & Resources Committee at the earliest opportunity.
- 8.1 The Council shall draw up an Investment Policy in accordance with relevant regulations, proper practices and guidance. The policy will be reviewed at least annually.
- 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**

- 9.0 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Town Clerk.
- 9.1 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the Town Clerk who shall be ultimately responsible for the collection of all accounts due to the Council.
- 9.2 The Council will review all fees and charges annually, following a report of the Town Clerk to the appropriate Standing Committee.
- 9.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.4 All sums received on behalf of the Council shall be banked intact, all receipts shall be deposited with the Council's bankers with such frequency as the Town Clerk considers necessary.
- 9.5 The origin of each receipt shall be entered on the paying-in slip.
- 9.6 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.7 Any VAT Return that is required will be completed promptly. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.

**9.8** Where any significant sums of cash are regularly received the Town Clerk shall take such steps as are agreed by the Council to 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.

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

**10.0** Officers responsible for purchasing and disposal must comply with these Standing Orders. Failure to comply may result in disciplinary action being taken against them.

**10.1** Officers must keep records to show a clearly documented audit trail and be able to produce such records when requested to do so by the Town Clerk.

**10.2** Order books will be controlled by the Town Clerk who shall verify the lawful nature of any new proposed purchase and in the case of new or infrequent purchases or payments identify the power being used.

**10.2** All members and 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**

**11.0** Every contract shall comply with these financial regulations, and no exceptions shall be made other than in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (vi) 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 additional audit work of the External Auditor up to an estimated value of £1,000 (in excess of this sum the Town Clerk shall act after consultation with the Mayor or Deputy Mayor of the Council);
- (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

**11.1** Where it is intended to enter into a contract for the supply of goods or materials or for the execution of works, both the applicable European Union regulations and the following procedures shall be followed:

- a) If estimated expenditure does not exceed £10,000 in any 12 months only one quotation need be obtained prior to placing an order.

- b) Where the estimated expenditure is in excess of £10,000 but no greater than £20,000 at least 3 written quotations must be sought.
- c) Where the estimated expenditure is in excess of £20,000 but less than £45,000 at least three written quotations must be sought.
- d) Where the estimated expenditure is in excess of £45,000, at least three written tenders must be sought and opened in accordance with 11.3.
- e) Where appropriate the Council must comply with EU procurement rules.

**11.2** The Town Clerk shall make best endeavours to achieve value for money by seeking quotes, entering into negotiations, or by such other steps that in the circumstances seem appropriate.

**11.3** At least three written tenders shall be sought by inviting selected firms to submit such tenders by a given date, at which time the tenders will be opened. All sealed tenders shall be opened at the same time on the prescribed date by the Town Clerk in the presence of at least one member of Council. The tenders shall be presented to the appropriate Committee of the Council who shall recommend either.

- a) That the lowest tender be accepted, unless some consideration of quality, or some objective consideration of the tendered to carry out the work, or some error in the tender submission, leads to the conclusion that another tender should be accepted.
- b) The cost of the tender is too great to continue with the intention to let a contract on the present specification; or
- c) The costs of the tenders are all so great that further tenders should be invited.

**11.4** a) Paragraph 11.3 shall not apply if after considering the advice of the Town Clerk the Council or relevant committee determines that it is not reasonably practicable to seek competitive prices because of the specialised nature of the goods, works or services, urgency or other good reasons; or

b) The goods, works or services required relate to repairs or parts of existing vehicles, plants, equipment or machinery that can only be obtained from the manufacturer or their agents.

**11.5** At least three weeks public notice will be given of such intention in the same manner as public notice of meetings of the Council is given. Similar notice shall be given in addition to all firms included in the appropriate standing approved list of contractors maintained by the District Council, or if no such list is maintained, then in such newspapers circulating in the district as the Council shall direct. The notice shall state the general nature of the intended contract and shall in addition state the name and address of the person to whom tenders are to be addressed and the last date by which those tenders should reach that person. If no tenders are received or if the tenders are identical the Council may make such arrangement for producing the goods or materials or executing the works as it thinks fit.

**11.6** The amounts in paragraph 11.1 may be varied by resolution of the Council to take account from time to time of the changes in the value of money.

## **12. Payments Under Contracts For Building Or Other Construction Works**

**12.0** Payments on account of the contract sum shall be made within the time specified in the contract upon authorised certificates of the architect or other consultants engaged to supervise the contract.

**12.1** Where contracts provide for payment by instalments a record shall be maintained of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum by 5% or more a report shall be submitted to the appropriate committee.

**12.2** Any variation to a contract or addition to or omission from a contract must be approved by the Town Clerk and reported in writing to the appropriate committee being informed where the final cost is likely to exceed the financial provision.

## **13. Stores and Equipment**

**13.0** The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.

**13.1** Delivery Notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.

**13.2** Stocks shall be kept at the minimum levels consistent with operational requirements.

**13.3** The Town Clerk shall be responsible for ensuring that an annual check of all stocks and stores is completed.

## **14. Properties and Estates**

**14.0** The Town Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. A record shall be 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 as amended.

**14.1** No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible moveable property does not exceed £250.

## **15. Disposal of Assets**

**15.0** The Town Clerk shall determine the market value of any equipment, furniture, fixture or plant under their control which they consider beyond economic repair, or of no further use or obsolete and which is not leased by, loaned or hired to the Council or subject to any similar agreement.

The method of disposal of such items shall be determined as follows:

- a) Items with an estimated value of £2,000 or less shall be advertised for sale at the estimated value



- b) Items valued at £2,000 or over shall be advertised seeking offers; if the estimated value is £10,000 or less, oral offers may be accepted provided a written record is maintained.

## **16. Insurance**

**16.0** The Town Clerk shall effect all insurances and negotiate all claims on the Council's insurers.

**16.1** A record will be maintained of all insurances effected by the Council and the property and risks covered thereby and annually reviewed.

**16.2** Staff are required to inform the Town Clerk of any loss liability or damage or of any event likely to lead to a claim.

**16.3** All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

## **17. Risk Management**

**17.0** Risk management policy statements will be prepared and implemented in respect of all activities of the Council.

**17.1** When considering any new activity a draft Risk Management policy for the activity addressing the legal and financial liabilities and Risk Management issues that arise will be presented to Council for consideration and, if thought appropriate, adoption.