



OAKHAM TOWN COUNCIL

FINANCIAL REGULATIONS

**Adopted by the Council
MARCH 2011**

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1 General

- a. These financial regulations shall govern the conduct of the financial transactions of Oakham Town Council (“the Council”) and may only be amended or varied by resolution of the Council.
- b. The Responsible Financial Officer (RFO) under the policy direction of the Council shall be responsible for the proper administration of the Council’s financial affairs.
- c. The RFO shall be responsible for the production of financial management information.

2 Annual Estimates

- a. Each committee shall formulate and submit proposals to the Council in respect of revenue services and capital projects for inclusion in any rolling capital programme not later than the end of December each year.
- b. Detailed estimates of income and expenditure including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Council.
- c. The Council shall review the estimates and recommend the precept to be levied for the ensuing financial year by the end of January. The RFO shall supply each member with a copy of the approved estimates.
- d. The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

3 Budgetary Control

- a. Expenditure on the revenue account may be incurred up to the amounts included in each approved Committee budget.
- b. No expenditure may be incurred which cannot be met from the amount provided in the appropriate Committee revenue budget. During the budget year, the Council, having considered fully the implications for public services, may recommend that unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- c. The RFO shall provide the Council with a monthly statement of income and expenditure to date under each head of the approved annual revenue and capital budgets.
- d. The Clerk in consultation with the Chairman or Vice Chairman of the Council 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. The Clerk shall report the action to the Council as soon as practicable thereafter.
- e. Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within a committee's approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Council.
- f. 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 Council is satisfied that the necessary capital funds are available, or the requisite borrowing approval can be obtained.
- g. All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

4 Accounting and Audit

- a. All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the current Accounts and Audit Regulations.
- b. 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 the Council in accordance with Standing Order 19.

- c. The following principle shall be observed in connection with accounting duties:

Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged, wherever possible, in any of those transactions.

- d. The Council shall be responsible for maintaining an adequate and effective system of internal audit of its accounting, records and of its system of internal control in accordance with the proper internal audit practices as per regulation 6 of the Accounts and Audit Regulations 2003. Any officer or member of the Council shall, if the Council requires:
 - i. Make available such documents of the Council which relate to its accounting and other records as appear to the Council to be necessary for the purpose of the audit
 - ii Shall supply the Council with such information and explanation as the Council considers necessary for that purpose.
- e. The Council may carry out their own internal appraisal of the effectiveness and adequacy of the financial systems at anytime. They may require any supporting evidence or documentation as benefits an internal audit.

5 Banking Arrangements and Cheques

- a. 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 Current Account and a Deposit Account. The Council shall monitor the returns from the various accounts and take steps to obtain best interest rates available. This should be done in a prudent manner to safeguard the Council's assets.
- b. A Schedule of the payment of money shall be prepared monthly by the RFO for consideration by the Council and authorisation by resolution.
- c. Cheques and other payments drawn on the two bank accounts in accordance with the schedule referred to in paragraph 5b shall be signed by two duly appointed Members of the Council.

6 Payment of Accounts

- a. All payments shall be effected by cheque or other order drawn on the Council's bankers. BACS payments may only be made after the appropriate resolution has been passed by the Council.
- b. 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.
- c. 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. He shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- d. When the RFO is satisfied that invoices are in order he shall pass them for payment.
- e. All duly certified invoices will then be entered on the schedule referred to in 5b above.

- f. The RFO may provide petty cash to members or 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:
 - i. The RFO shall maintain a petty cash float of £100. Vouchers for payments made shall be kept to substantiate the payment.
 - ii. Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
 - iii. Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to the Council under 5b above.

7 Payment of Salaries and Wages

- a. The payment of all salaries and wages shall be made by the RFO from the Current Account in accordance with the payroll records on the 15th of each month.
- b. Any time sheets shall be certified as to accuracy by, or on behalf of, the Clerk.

8 Loans and Investments

- a. 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 investments should be reported to the Council at the earliest opportunity.
- b. All investments of money under the control of the Council shall be in the name of the Council.
- c. All borrowings shall be effected in the name of the Council.
- d. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

9 Income

- a. The collection of all sums due to the Council shall be the responsibility of, and under the supervision of the RFO.
- b. 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.
- c. The Council will review all fees and charges annually, or as otherwise stated, following a report of the Clerk.
- d. Any bad debts shall be reported to the Council.
- e. 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 sums received shall be deposited with the council's bankers by the end of the next working day
- f. A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying in slip.
- g. Personal cheques shall not be cashed out of the money held on behalf of the Council.

10 Orders for Work, Goods and Services

- a. 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. Copies of orders issued shall be maintained.
- b. Order books shall be maintained by the RFO.
- c. 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

Procedures as to contracts are laid down and are 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 Financial Regulations, and no exception from any of the following provisions of these Financial Regulations shall be made otherwise than by direction of the Council or in an emergency by such a Committee as aforesaid provided that these Financial Regulations 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 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. Of between £1000 - £10,000 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 11(a)
 - (aa) The Council shall instruct the Clerk to invite quotations from at least three firms approved by the Council or
 - (bb) The Council shall instruct the Clerk to invite open tenders.

- ii. For expenditures of £1000 or less in value the Clerk, the duly authorised deputy, or the Committee, shall have executive power. Such expenditure is to be notified to the Council as soon as practicable.
- iii. Any proposed contract for the supply of goods, materials, services and the execution of works exceeding £10,000 shall be by tender.
- iv. 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.
- v. 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.
- vi. Such invitation to tender shall state the general nature of the intended contract and the 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 Clerk and the last date by which such tenders should reach the 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.
- vii. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk or the properly authorised deputy in the presence of at least one Member of the Council.
- viii. If less than three tenders are received for contracts valued above £1000 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.
- ix. Any invitation to tender issued under this Standing Order shall contain a statement of the effect in Standing Order 21

- c. Where it is intended to enter into a contract exceeding £10,000 in value for the supply of goods or materials or the execution of works, the Clerk shall give at least three weeks public notice of such intention in the same manner as public notice of meetings of the Council is given.
- d. Neither the Council nor any spending Committee is bound to accept the lowest tender.

12 Payments Under Contracts for Building or Other Construction Works

- a. Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorisation, certificates of the architect or other consultants engaged to supervise the contract.
- b. 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.
- c. Any variation to a contract or addition to or omission from a contract must be approved by the Clerk in writing, the appropriate committee being informed where the final cost is likely to exceed the financial provision.

13 Stores

- a. The Clerk shall be responsible for the care and custody of stores and equipment and shall use all due diligence for the safekeeping of council property.
- b. 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.
- c. Stocks shall generally be maintained at the minimum levels consistent with operational requirements.

14 Properties and Estates

- a. The 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.
- b. 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 £100.

15 Insurance

- a. The RFO shall effect all insurances and negotiate all claims on the council's insurers in consultation with the Council.
- b. The RFO shall give prompt notification to the Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- c. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- d. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.
- e. All appropriate employees of the council shall be included in suitable fidelity guarantee insurance.

16 Revision of Financial Regulations

It shall be the duty of the Council to review these financial regulations annually and to make changes as appropriate through resolution.

17 Internal Audit

- a. The Council is to seek assurances from the Internal Auditor of their continuing independence on an annual basis.
- b. The Internal Audit shall be carried out periodically at times agreed by the Council and arranged between the RFO and the Internal Auditor.
- c. The RFO is to afford the Internal Auditor access to all information that they may require
- d. The RFO must ensure that the Internal Auditor's report is placed before the Council at the earliest opportunity
- e. The Council agrees to consider all recommendations made in the Internal Auditor's report and implement as appropriate.