

CANVEY ISLAND 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. The Council is responsible in law for ensuring that its financial management is adequate and effective and that it has a sound system of financial control which facilitates the council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations have been produced to demonstrate how the council meets this responsibility.
- 1.2 The Responsible Financial Officer (RFO) under the Policy direction of the Council through the Policy and Finance Committee shall be responsible for the proper administration of the Council's financial affairs. The Town Clerk has been appointed as RFO for this council. References to the RFO in these Regulations in respect of specific duties shall be taken as extending to 'or other delegated officer'.
- 1.3 The Responsible Financial Officer 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 and Finance Committee in respect of revenue services and capital projects for inclusion in the budget process 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 Responsible Financial Officer.
- 2.3 The Policy and Finance Committee shall review the estimates and submit them to the Council at the January Council meeting in each year and shall recommend the precept to be levied for the ensuing financial year. The Responsible Financial Officer shall supply each member with a copy of the approved estimates.
- 2.4 The annual capital and revenue budgets referred to in regulation 2.2 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 Council.
- 3.3 The Responsible Financial Officer shall periodically provide the Policy and 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 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. Any necessary expenditure in excess of this limit must be referred to the Chairman or Vice-Chairman of the Council, or Chairman of the Policy and Finance Committee and the action reported to the appropriate committee as soon as practicable thereafter.
- 3.5 Where expenditure is incurred in accordance with regulation 3.4 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 or virement approved by the Council.

- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year except in the case of earmarked reserves authorised by the Policy and Finance Committee and the Council.
- 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 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 Responsible Financial Officer as required by the Accounts and Audit Regulations 2003 and any subsequent revisions.
- 4.2 An assessment of the financial risks faced by the Council shall be undertaken by the Policy and Finance Committee and the appropriate steps to manage them agreed by the Council.
- 4.3 An independent internal auditor shall submit regular reports to the Policy and Finance Committee at least annually.
- 4.4 The Responsible Financial Officer 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 Policy and Finance Committee.
- 4.5 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.
- 4.6 The Responsible Financial Officer shall be responsible for maintaining an adequate and effective system of internal audit of the Council's accounting, financial and other operations. Any officer or member of the Council shall, if the Responsible Financial Officer requires, make available such documents of the Council which relate to their accounting and other records as appear to the Responsible Financial Officer to be necessary for the purpose of the audit and shall supply the Responsible Financial Officer with such information and explanation as the Responsible Financial Officer considers necessary for that purpose.

5 Banking Arrangements and Cheques

- 5.1 The Council's banking arrangements shall be made by the Responsible Financial Officer and approved by the Council.
- 5.2 The Responsible Financial Officer shall prepare a monthly list of invoices and cheques and where appropriate identify the Minute number of approval for the account. The responsibility for the checking of invoices against cheques and the monthly signing of cheques is delegated to the Chairman and Vice-Chairman of the Council or, in their absence, any other two members of the Council. The two signatories shall give a report of the cheques issued at the following Council meeting.

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 Responsible Financial Officer 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.
- 6.4 When the Responsible Financial Officer is satisfied that invoices are in order he shall pass them to the Clerk for final certification.
- 6.5 All duly certified invoices will then be entered on the schedule referred to in regulation 5.2 above.
- 6.6 The Responsible Financial Officer may provide petty cash to employees for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the Responsible Financial Officer with a claim for reimbursement:
 - (a) The Responsible Financial Officer 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 together with receipts 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 Council as referred to in regulation 5.2.

7 Payment of Salaries and Wages

- 7.1 The Town Clerk shall make payment of all salaries and wages and these shall be made in accordance with the payroll records and as detailed in regulation 5.2. Payments to other bodies shall be made as necessary in respect of income tax, National insurance, pensions and other requirements. The appropriate records shall be maintained and periodic returns made as required by other bodies.
- 7.2 payments to employees shall be treated as confidential information.

8 Loans and Investments

- 8.1 All loans and investments shall be negotiated by the Responsible Financial Officer 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 Policy and Finance 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 a safe place by the Responsible Financial Officer.

9 Income

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Responsible Financial Officer.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the Responsible Financial Officer and the Responsible Financial Officer 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 by the Clerk.
- 9.4 Any bad debts shall be reported to the Policy and Finance Committee.
- 9.5 All sums received on behalf of the Council shall be paid to the Responsible Financial Officer for banking or be banked by the Officer collecting the money as directed by the Responsible Financial Officer. In all cases all receipts shall be deposited with the Council's bankers with such frequency as the Responsible Financial Officer 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 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 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 Responsible Financial Officer.
- 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 usually by obtaining three or more quotations or estimates from appropriate suppliers subject to any de minimis provisions in Regulation 12 below. The officer shall accept the quotation which is, in his opinion, the most satisfactory one. Purchases made through a recognized local authority supplier which has been subject to a prior competitive procedure shall not require additional quotations or estimates.
- 10.4 The RFO shall verify the lawful nature of any proposed purchase before any order is raised.

11 **Contracts**

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

(a) A budget agreed by the Council resulting from a project bid by a Committee shall be wholly delegated to that Committee.

(b) Every contract made by the Council or its Committees shall comply with these financial regulations, and no exception shall be made otherwise 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 consultant
- (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 as extension of an existing contract by the Council
- (v) for additional audit work of the external auditor up to an estimated value of £250 (in excess

of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice-Chairman).

- (vi) 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) for expenditure of £2,500 or less in value the appropriate committee shall consider the quotations received and make recommendations to the Council.
 - (ii) exceeding £2,500 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) above, the clerk shall invite tenders from at least three firms.
- (c) When applications are made to waive financial regulations relating to contracts to enable a tender to be negotiated without competition, the reason shall be embodied in a committee's recommendation to the Council.
- (d) 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.
- (f) 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.
- (g) If less than three tenders are received for contracts or if all the tenders are identical the Council or Committee to which a budget has been delegated may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (h) Any invitation to tender issued under this standing order shall contain a statement of the effect of standing order Nos 99, 100 and 101:
- (i) The Council shall not be obliged to accept the lowest or any tender.

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 Responsible Financial Officer upon authorised certificates of the architect or other consultants engaged to supervise the contract.
- 12.2 Where contracts provide for payment by instalments the Responsible Financial Officer shall maintain a record of all such payments. In any case when it is estimated that the total cost of the 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 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 Employees shall be responsible for the care and custody of stores and equipment under their control.

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 Responsible Financial Officer shall be responsible for an annual check of all stocks and stores.

14 **Assets, Properties and Estates**

14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Responsible Financial Officer 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 £500.

14.3 The RFO shall ensure that an appropriate and accurate Register of Assets and investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.

15 **Insurance**

15.1 The Responsible Financial Officer/Clerk shall effect all insurances and negotiate all claims on the Council's insurers.

15.2 The Clerk/Responsible Financial Officer shall advise the Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

15.3 The Responsible Financial Officer 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 Responsible Financial Officer 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 and Finance Committee to review the Financial Regulations of the Council at least every four years and to make such recommendations to the Council as the Committee considers are required.

Notes:

i These Regulations were approved by the Council on 1st September 2008.