

Document 2.3

FINANCIAL REGULATIONS

(Ensuring Probity and Value For Money)

Adopted 27 March 2017

Review by March 2018

1. General

- 1.1 These Financial Regulations shall govern the conduct of the financial transactions of Hertford Town Council (Council) and may only be amended or varied by resolution of the Council.
- 1.2 The Responsible Financial Officer (RFO) pursuant to Section 151 of the Local Government Act 1972 and under the policy direction of the Finance, Policy & Administration Committee shall be responsible for the proper administration of the Council's financial affairs. This shall be the Finance and Administration Manager.
- 1.3 The RFO shall be responsible for arranging the production of financial management information.
- 1.4 In these Financial Regulations, the following definitions shall apply:

Council	-	Hertford Town Council;
RFO	-	Responsible Financial Officer (Finance Manager);
Revenue Services	-	Services financed from revenue budgets e.g. cemetery maintenance, premises cleaning, salaries;
Capital Projects	-	specific projects approved on a case by case basis which are not funded by the revenue budget.
Virement	-	transfer of sums from another budget (in the relevant Committee budget or that of another Committee) or from reserves;
Senior Officer	-	Finance Manager; Marketing and Events Manager; Civic Administration Manager, TIC Supervisor; Facilities Officer; Grounds Supervisor; or Customer Services Officer.

2. Annual Estimates

- 2.1 Each Committee shall formulate and submit proposals to the Finance, Policy & Administration Committee in respect of Revenue Services and Capital Projects for inclusion in the rolling capital programme when required by the Finance, Policy & Administration Committee.
- 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, Policy & Administration Committee shall review the estimates and submit them to the Council, and shall recommend the precept to be levied for the ensuing financial year. The RFO shall supply each Councillor 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 expenditure sub-total. Where the expenditure can be covered by a surplus elsewhere in the Committee expenditure budget, the approval of the Committee is required for any sum exceeding £5000. For expenditure of less than £5000, the approval of the Town Clerk is required following consultation with the appropriate Committee Chairman. In cases where the overall Committee expenditure budget will be exceeded, a virement or supplementary estimate must be approved by the Finance, Policy & Administration Committee or the Council before the expenditure is incurred.
- 3.3 The RFO shall periodically provide the Finance, Policy & Administration Committee and its Chairman with such financial information necessary for the operation of the Council and its Committees – i.e. quarterly statements of income and expenditure to date and forecasts under each head of the approved annual revenue and capital budgets or other information requested.
- 3.4 The Town Clerk may incur expenditure on behalf of the Council that is necessary to carry out any repair, replacement or other work that 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 £5000. The Town Clerk shall consult the Chairman of the appropriate Committee (or in their absence, the Committee Vice-Chairman) and the Leader of the Council before such expenditure and shall then report the action to that 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 Finance, Policy & Administration Committee or the Council.
- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless a Committee has sought and obtained the approval of the Finance, Policy & Administration Committee or a report on carry forwards submitted by the RFO for consideration is approved by the Finance, Policy & Administration Committee.
- 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 and the Finance, Policy & Administration Committee is satisfied that it is contained in any rolling capital programmes and that the necessary capital funds are or will be 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 unless matters of urgency and efficiency make suspension of the regulations appropriate. The Town Clerk shall consult the Chairman of the appropriate Committee before any such suspension, shall advise the Chairman of the reasons for and effects of suspending the regulations and shall then report the action to the Finance, Policy & Administration Committee as soon as practicable thereafter. Any such report shall include full reasons for the need of such suspension.

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 2015 and all accounting records of the Council shall be compiled by the RFO under the Town Clerk's direction.
- 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 for consideration to the Finance, Policy and Administration Committee for recommendation to the Full Town Council no later than 30th June each year for consideration
- 4.3 Following consideration by Full Town Council the accounting statements should be approved by resolution for submission to the auditor and signed and dated by the person presiding at the meeting at which the approval was given.
- 4.4 The audit and issuing of the certificate, opinion or report should be completed no later than 30th September.
- 4.5 The following principles shall be observed in connection with accounting duties wherever practical.
- (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 disbursing 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 Town Clerk 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 2015. Any Officer or Councillor shall, if the Town Clerk requires, make available such documents of the Council which relate to their accounting or other records as appear to the Town Clerk to be necessary for the purpose of the audit and shall supply the Town Clerk with such information as they consider necessary for that purpose.

5. Banking and Cheques

- 5.1 The Council's banking arrangements shall be made by the RFO and notified to Finance, Policy & Administration Committee.
- 5.2 The Finance, Policy & Administration Committee shall have delegated powers to authorise signatories to receive a schedule of the payment of money produced by the RFO together with the relevant invoices etc. If the schedule is in order it shall be signed by two authorised councillors on completion of signing of the cheques.
- 5.3 Copies of the signed schedules, autopsy sheets, bank transfer letters and other authorised money movements shall be available for inspection by any Councillor.
- 5.4 Cheques and other payment instructions drawn on any account shall be signed by at least two authorised councillor signatories.

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- 5.5 Payment of general accounts by BACS or other electronic method will only be implemented if a suitable system requiring authorisation of payments by two approved Councillors is in operation.

6. Payment of Accounts

- 6.1 All payments, wherever possible, shall be effected by cheque or other order drawn on the Council's bankers. In the case of online or retail purchases with suppliers who do not provide the Council a monthly credit facility payment shall be effected by Business Card (or petty cash where appropriate). Where contractually required, or the payment method results in a financial benefit to the Council, payment may be effected by Direct Debit subject to any instruction forms or letters being signed by two authorised members.
- 6.2 All invoices for payment shall wherever possible, be examined by the Officer who issued the Requisition Order. Before passing an invoice to the RFO the Officer shall be satisfied that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.3 Invoices passing scrutiny of the issuing Officer and a senior Officer or the Town Clerk 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. S/he shall take all possible steps to settle all invoices by the end of the payment period in which such invoices are received.
- 6.4 When the Finance and Administration Manager is satisfied that invoices are in order s/he shall enter them on a schedule and present to the Town Clerk or other senior Officer for final checking and certification.
- 6.5 Inspection and signing of cheques and schedules will be arranged by the RFO at a time when s/he is available to answer signatories' enquiries on any of the invoices.
- 6.6 The RFO may provide petty cash to Officers for 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 maximum of £250 for the Castle, £150 for the Town & Tourist Information Centre and £50 for the Cemetery, for 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) Payments to maintain the petty cash float shall be shown separately on the schedule of the payment of money presented to the Finance, Policy & Administration Committee (under 5.2 above).

7. Payment of Salaries and Wages

- 7.1 The payment of all salaries shall be made by the RFO from the current account in accordance with the payroll records using BACS unless with the agreement of the Town Clerk in which case the reasons must be recorded.
- 7.2 All time sheets shall be certified as to accuracy by supervisors and/or line managers before submission to the RFO. Timesheets presented directly to the

RFO without the authorisations will not be processed until certification has been obtained.

- 7.3 The transfer of employee and employer contributions into the Local Government Pension Scheme will be made by BACS. Transfer will be made by cheque payment in the event that the BACS facility is temporarily unavailable.
- 7.4 The payment of tax and national insurance deductions to HM Revenue & Customs will be made by BACS. Payment will be made by cheque in the event that the BACS facility is temporarily unavailable.
- 7.5 The payment for Childcare Vouchers supplied under a salary sacrifice scheme will be made by BACS. Payment will be made by cheque in the event that the BACS facility is temporarily unavailable.

8. Loans and Investments

- 8.1 All loans and any changes thereto shall be approved by the Finance, Policy & Administration Committee in the name of the Council and shall be for a given maturity agreed at the time the loan is taken out.
- 8.2 All investments of money under the control of the Council shall be in the name of the Council and be administered by the RFO in accordance any extant investment policies determined by the Council.
- 8.3 All borrowings shall be effected in the name of the Council and be subject to any statutory external approval being obtained.
- 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.
- 9.4 Any debts outstanding for more than 90 days or unrecoverable in the view of the RFO shall be reported to the Finance, Policy & Administration Committee. The report shall include proposals on how the non-receipt of funds will be dealt with and the effects on the Council's agreed budgets.
- 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 as soon as possible after receipt at least weekly or with such frequency as the RFO considers necessary.
- 9.6 All sums received on behalf of the Council via a card payment terminal will be handled in accordance with the Council's Cardholder Data Security Policy. Refer to Appendix 2.3 (b)

- 9.7 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be recorded and cross-referenced to the paying-in slip.
- 9.8 Every transfer of official money from one member of staff to another shall be signed for by the receiving Officer.
- 9.9 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 purchase order shall be raised for all orders for work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate e.g. petty cash purchases. Requisitions are to be authorised by the Town Clerk (unless delegated authority has been given) after establishing that the expenditure is covered by appropriate provision in the budget. Where such delegated authority has been given, it shall be in writing and include any appropriate restrictions. Copies of orders issued shall be maintained.
- 10.2 The RFO is responsible for maintaining the order books and implementing procedures to ensure that all staff comply with the Financial Regulations in respect of ordering.
- 10.3 Purchase orders for works, goods, or services up to an estimated value of £5,000 need not be subject to the competitive bid requirement in 11.1. Three formal quotations will be sourced (wherever possible) for orders for works, goods, or services between an estimated value of £5,000 and £25,000. All Officers are responsible for obtaining value for money at all times. An Officer raising a requisition for an 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 as follows:

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.

- 11.2 Any proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £25,000 but less than £164,176 (or such other values as may be prescribed from time to time by regulation) must, unless exempt from specified regulations, be procured and publicised in accordance with articles 109-144 of the Public Contracts Regulations 2015 or successor regulations. In addition to the requirements set out in the regulations the opportunity will be advertised on the Council's website and may be disseminated in any other manner that is appropriate, having regard to the nature of the contract and suppliers. This may include, but is not limited to, dissemination to a group of economic operators selected for the purpose, whether ad hoc or by virtue of their membership of some closed category such as a trade association. The advertisements and disseminated material shall contain, as a minimum, the same information as that published on Contracts Finder in accordance with the Regulations.

- (a) 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 recommendation to the Council.
- (b) 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.
- (c) 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 to Tender shall in addition state that tenders must be addressed to the Town Clerk and the last date and time by which such tenders should reach the Town Clerk. 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. The tenderers shall be advised that tender envelope must not bear any name or mark on the outside that will identify the tendering firm.
- (d) All sealed tenders shall be marked with the date and time they are received by the Council and stored in a safe place until the time of opening. All 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 two Councillors. The value of each tender shall be recorded at the time of opening and signed by all Officers and Councillors present.
- (e) If less than three tenders are received for contracts valued above £25,000, 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.
- (f) Any invitation to tender issued under this Standing Order shall contain a statement of the effect of Standing Order No. 16 (Members Declaration of Interest in Contracts and Other Matters).
- (g) The Council shall not be obliged to accept the lowest or any tender.
- (h) Any proposed contract with an estimated value exceeding £164,176 (or such other value as may be prescribed from time to time by regulation) must, unless exempt from the specified, be procured and publicised in accordance with Part 2 of the Public Contracts Regulations 2015 (which implements the Public Contracts Directive of the European Union) or successor.

11.3 Restrictions

Unless contrary to regulations:

- (a) Canvassing of members of the Council or of any Committee, directly or indirectly, for any contract to be entered into by the Council shall disqualify the potential tenderer from the award of the Contract.
- (b) No member of the Council nor of any Committee shall solicit for any tenderer or recommend any tenderer but may nevertheless give a written

testimonial of the tenderer's ability, experience or character for submission to the Council with an application for appointment.

12. Payments Under Contracts for Building or Other Construction Works

- 12.1 Payment on account of the contract sum shall be arranged by the Town Clerk within the time specified in the contract by the Town Clerk upon production of 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, 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 senior 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 regards quality and being attributable at the time delivery is made before such delivery / acceptance notes are signed.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for arranging 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 interest, tenancies granted, rents payable and purpose for which held in accordance with regulation 5(3)(b) of the Accounts and Audit Regulations 2011.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, on the recommendation of the appropriate Committee and Finance, Policy & Administration Committee.

15. Insurance

- 15.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The RFO shall give prompt notification to the Council's insurers 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 of damage or of any event likely to lead to a claim.

15.5 All appropriate employees of the Council shall be included in suitable fidelity guarantee insurance.

16. Revision of Financial Regulations

16.1 It shall be the duty of the Finance, Policy & Administration 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.

17 Investment Strategy and Policy

Refer to Appendix 2.3 (a)

18. Inventories

18.1 Inventories shall be maintained and in these shall be recorded an adequate description of furniture, fittings, equipment, plant and machinery.

18.2 The Council's property shall not be removed otherwise than in accordance with the ordinary course of the Council's business or used otherwise than for Council purposes except in accordance with specific permissions/direction issued by the Town Clerk or Committee.

19. Travelling, Subsistence, Financial Loss and Attendance Allowance

19.1 All claims for travelling, subsistence, financial loss and attendance allowance shall be submitted on a certified form, approved by the Town Clerk or by the Mayor (or nominated substitute) if they are the expenses of the Town Clerk, made up to the specified day of each month, no less frequently than every three months and no later than 7 days after the end of the financial year for expenses arising from that financial year.

19.2 Payment to Councillors, including co-opted Councillors of the Council or its Committees, who are entitled to claim travelling or other allowance will be made by the RFO upon receipt of the correct form properly completed and authorised by the Town Clerk.