



WHITCHURCH TOWN COUNCIL

FINANCIAL REGULATIONS FOR WHITCHURCH TOWN COUNCIL

Whitchurch Town Council is categorised as a medium-sized Local Council with a budgeted annual income of £5,000.00 or more, and less than £500,000.00

1. **General**

- 1.1. The 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 Responsible Financial Officer (RFO) under the policy direction of the Resources and Policy Committee (R&PC) shall be responsible for the proper administration of the Council's affairs and for the production of financial management information.

2. **Annual Estimates**

- 2.1. Each Committee shall formulate and submit proposals to the R&PC in respect of revenue services and capital projects for inclusion in the rolling capital programme not later than mid November each year. Levels of Contingency Funding and *Earmarked Reserves will also be reviewed annually.
*monies which will be required for on-going/future projects for which costs cannot yet be accurately assessed, or work cannot commence immediately due to restraints beyond the Council's authority.
- 2.2. To assist with 2.1, 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 R&PC shall review the information and submit a report to the Council no later than the Full Council (FC) Meeting in December of each year, and shall recommend to the FC the precept to be levied for the ensuing financial year.
The approved Precept Request for the financial year commencing 1st April is required to be submitted to Basingstoke and Deane Borough Council, (BDBC), by no later than the last week of the preceding January, and is therefore recommended to be forwarded no later than 20th December of the previous year, (unless otherwise instructed by BDBC).
- 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 amounts included in each approved Committee budget.
 - 3.1.1. The General Power of Competence supersedes Local Govt. Act 1972 section 137 and Local Govt. Act 2000 section 2 - the Power of Well-Being. Whitchurch Town Council is eligible to use the General Power of Competence, resolved at the Full Council Meeting of 3rd September 2012, renewable at each first annual meeting of the council following the ordinary election, as long as all the conditions of eligibility still apply.
 - 3.1.2. For information regarding Whitchurch Town Council's grants, see separate Grants Procedure.



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- 3.2. No expenditure may be incurred which cannot be met from the amount provided in the appropriate Committee Revenue Budget unless the R&PC or the FC has approved use of contingency funds.
- 3.3. The RFO will liaise throughout the year with the R&PC Chairman and assist with his/her financial reports to FC, where appropriate.
- 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 budgetary provision for the expenditure, e.g. play equipment repairs for reasons of safety, subject to a limit. See Item 17.
- 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 the Committee's approved budget, it shall be subject to the provision of a supplementary estimate approved by the R&PC or the FC.
- 3.6. Unspent Committee provision in the revenue budget shall not be carried forward to a subsequent year, unless by FC resolution.
- 3.7. No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure, unless the appropriate Committee/Full Council, is 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 Standing Orders and financial regulations relating to contracts.
4. **Accounting and Audit**
- 4.1. The RFO as required by the Accounts and Audit Regulations 2011 shall determine all accounting procedures and financial records of the Council, and to appoint an Internal Auditor. The following will be produced annually:
 - (a) Monthly Receipts and Payment Accounts.
 - (b) Quarterly Budget Sheet.
 - (c) Annual Summary Income and Expenditure Statement of Accounts.
 - (d) Annual Balance Sheet.
 - (e) Supporting Notes.
- 4.2. The Chairman of the R&PC shall inspect the Cash Book at intervals throughout the year and confirm and sign off the monthly bank reconciliations.
- 4.3. The RFO shall be responsible for the annual accounts of the Council, and these should be completed as soon as practicable after the end of the financial year. He/she shall submit them for full internal audit, and report (where appropriate), and completion of the statutory Audit Statement. This, along with the Annual Income and Expenditure Statement, will be presented to the Full Council Meeting in May/June, unless otherwise agreed by FC to accommodate the annual External Audit.



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5. **Banking Arrangements and Cheques**

- 5.1. The Council's banking arrangements shall be made by the RFO and approved by the R&PC.
- 5.2. A monthly list of payments will be provided by the RFO for authorisation by resolution of the FC; and signed off by two councillors.
- 5.3. Cheques drawn on Council bank accounts will be signed by the RFO and two Councillors or, in the absence of the RFO, three Councillors. Electronic Banking is the responsibility of the RFO, and confirmed by two councillors. See 5.2 above.

6. **Payment of Accounts**

- 6.1. On behalf of the Full Council, the Resources & Policy Committee is responsible for maintaining robust controls on payments as an integrated part of the overall financial control system. The Clerk/RFO is authorised to make payments after following the procedure below:
 - (a) The Clerk will prepare monthly lists for authorisation of payments.
 - (b) Two members of the R&P Committee will inspect the invoices, or other evidence of payment due, and authorise bank transfer by signing off each payment on the lists.
 - (c) This will also apply to payment authorised by committee/sub-committees that have their own funds and their own financial securities in place, but hold the funds with the Town Council.
 - (d) It is anticipated, that bi-monthly authorisation should be sufficient, but in circumstances of extreme urgency, the Clerk will be able to seek phone authorisation, (date and time of phone call to be noted on invoice), followed by Councillors' signed authorisation as soon as practicable.
- 6.2. Apart from petty cash payments all payments shall be effected by cheque, or by electronic order drawn on the Council's Bankers.
- 6.3. Wherever possible, approved invoices, which have been submitted to Council, should be paid as soon as possible following receipt or as requested in a contract.
- 6.4. The RFO shall maintain a petty cash float not exceeding £250 for the purpose of defraying operational and other expenses. Receipts for payment made from petty cash shall be kept to substantiate the payment.

7. **Payment of Salaries and Wages**

- 7.1. The payment of salaries and wages shall be made by the RFO in accordance with the payroll records.

8. **Loans and Investments**

- 8.1. All loans and investments shall be negotiated by the RFO in the name of the Council, and shall be for a set period as agreed by Full Council. Changes to loans or investments should be reported to R&PC 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.



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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 the RFO.

9.2. Any bad debts will be reported to the R&PC.

9.3. The Council will review all fees and charges annually when establishing the budget.

9.4. All sums received on behalf of Council should be deposited with the Council's bankers with such frequency, as the RFO considers necessary.

9.5. A reference to the related debt, or otherwise, indicating the origin of each cheque shall be entered on the paying-in slip.

9.6. Personal cheques shall not be cashed out of money held on behalf of Council.

10. **Orders for Work, Goods or 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 purchases. Copies of orders issued shall be maintained.

10.2. All reasonable care should be taken to obtain best value for money at all times.

11. **Contracts**

11.1. Procedures as to contracts are laid down in the Council's Standing Orders as follows:

Every contract whether made by the FC or by the Committee, to which the power of making contracts has been delegated, shall comply with the Standing Orders and Financial Regulations. No exception from any of the following provisions of these regulations shall be made otherwise than by direction of the Council, or in an emergency by the Clerk. These Regulations do not apply to contracts which relate to items (i) to (v) 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 consist of repairs to or parts for existing machinery or equipment or plant extension of an existing contract by the Council.
- (d) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract of the Council.
- (e) for goods or materials proposed to be purchased which are proprietary articles. and/or which are sold only at a fixed price.

12. **Financial controls and procurement**

12.1. The council shall consider and approve financial regulations drawn up by the Responsible Financial Officer, which shall include detailed arrangements in respect of the following:

- (a) the keeping of accounting records and systems of internal controls;

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- (b) the assessment and management of financial risks faced by the council;
- (c) the work of the independent internal auditor in accordance with proper practices and the receipt of a statement from the internal auditor, which shall be required annually;
- (d) the inspection and copying by councillors and local electors of the council's accounts and/or orders of payments; and
- (e) procurement policies (subject to standing order 18) including the setting of values for different procedures where a contract has an estimated value of less than £60,000.

12.2. Financial regulations shall be reviewed regularly and at least annually for fitness of purpose.

13. **Financial Controls of Whitchurch Town Council**

13.1. Under the Local Government Acts, the Council is required to publish a constitution, which will include rules for buying works, goods and services. These rules form part of the "common law" and for Whitchurch Town Council they are known as Contract Standing Orders or CSOs. The following regulations apply to the processes that are to be followed with regard to tendering, the process of seeking quotations for contracts and the award of contracts. They apply to every contract whether made by the Full Council (FC) or by the Committee, to which the power of making specific contracts has been delegated. In all instances compliance with Standing Orders and Financial Regulations is essential and no exceptions are to be made without the agreement of the FC or in an emergency by the Town Clerk under arrangements detailed in 18 below.

14. **Thresholds**

14.1. Whitchurch Town Council's Procurement Thresholds are as follows:

15. **Quotations**

15.1. For the purchase of goods or services estimated to be of a value up to £20,000 (excluding VAT), quotations must be obtained as follows:

Estimated Cost of contract (Excluding VAT)	No of Quotations Required
Cost up to £2,000	Value for Money must be achieved.
£2,001 - £5,000	2 Written quotations required
£5,001 – to £20,000	3 Written quotations required

16. **Tenders (Works, Supplies & Services)**

16.1. A Tender Process (or "Invitation to Tender" process) is a method by which suppliers are selected for the provision of products and services to an organization. The process involves creating a suite of Tender Documents to manage the supplier selection process. The Tender Documents help the Council to select the best possible supplier available, and include documents such as the "Statement of Work", "Request for Information" and "Request for Proposal". By using a formal tender process, the Council can show that the preferred supplier was selected fairly. The Tender Process includes all of the steps needed to select and contract external suppliers, quickly and efficiently.

16.2. For goods or services estimated to cost over £20,000 the Town Clerk is required to solicit tenders from interested companies in accordance with the following requirements:



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Estimated Cost (Excluding VAT)	Tender Requirements
£20,001 - £60,000	Advertised on official Town Websites and Council Notice Board. Written invitations to tender may be sent to qualified contractors. (minimum 4)
£60,0001 - £156,441	Advertised in local Newspapers and official websites. Written invitations to tender as appropriate. (minimum 4) Advertised in relevant Trade Journals (where appropriate).
£156,442 and above.	Advertised in Local Newspapers, and Websites. E-Sourcing NI, in the European Journal (OJEU), and any Relevant Trade Journals (where appropriate).

17. Quotation and Tender Process

- 17.1. Any proposed contract for the supply of goods, materials, services and the execution of works shall be procured through the Proper Officer on the basis of a formal quotation or tender as summarized above.
- 17.2. For the supply of goods, materials, services and the execution of works under £2,000, the Proper Officer is authorized to negotiate with local suppliers and agree terms and conditions for the goods or services required on the proviso that the expenditure has been agreed in the FC's or relevant Committee's budget. At the next meeting of the FC or the appropriate Committee, the Proper Officer will be required to declare the expenditure and the company providing the goods and services. On no account can the Proper Officer procure from a company or organization that they have a direct or indirect interest in without the authority of the Chairman of the FC or appropriate Committee.
- 17.3. For the supply of goods, materials, services and the execution of works up to £5,000 but above £2,001, the Proper Officer shall obtain a minimum of 2 quotations from Companies which have been agreed by the FC or delegated Committee. At this stage Councillors, or Town officials will be required to declare any interest they may have in the nominated companies directly or indirectly (e.g. family members).
- 17.4. For the supply of goods, materials, services and the execution of works up to £20,000 but above £5,001, the Proper Officer shall obtain a minimum of 3 quotations from Companies which have been agreed by the FC or delegated Committee. At this stage Councillors, or Town officials will be required to declare any interest they may have in the nominated companies directly or indirectly (e.g. family members).
- 17.5. For the supply of goods, materials, services and the execution of works above £20,001, the Proper Officer shall initiate a tender process from Companies which have expressed an interest in undertaking the required work or provision of services. A brief summary of the requirement will be published as indicated above and Councillors will be requested to decide upon a short list, which will be invited to tender for the required work. At this stage Councillors, or Town officials will be required to declare any interest they may have in the nominated companies directly or indirectly (e.g. family members).
- 17.6. A formal tender process shall consist of the following steps:
- (a) A public notice of intention to place a contract is to be advertised as described above.



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- (b) A specification of the goods, materials, services, and the execution of works shall be drawn up. Councillors may assist with the preparation of Statements of Works, or Requests for Information but then must take no part in the selection of companies, which may be invited to tender.
- (c) Tenders are to be sent, in sealed marked envelopes to the Proper Officer by a stated date and time.
- (d) Tenders submitted are to be opened after the closing date and time by the Proper Officer, in the presence of at least one member of the Council.
- (e) Tenders are then to be assessed and reported to the appropriate meeting of the Council or Committee.
- (f) Quotations are to be sent, in sealed marked envelopes to the Proper Officer by a stated date and time.
- (g) Quotations submitted are to be opened after the closing date and time by the Proper Officer, in the presence of at least one member of the Council.
- (h) Quotations are then to be assessed and reported at the appropriate meeting of the Council or Committee.

17.7. Neither the Council, nor any Committee, is bound to accept the lowest tender, estimate or quote.

17.8. Should urgent repairs be required to any equipment or facilities managed by the Town Council, the Clerk is authorised to make the necessary arrangements to have the repair rectified without obtaining quotations to a value of £2,000 (VAT exclusive). Should the required repairs exceed £2,000, the Town Clerk should obtain the consent of the Council Chairman (or Deputy in the absence of the Chairman) and one other Councillor. In all circumstances the Clerk will inform the Chairman and Deputy of his/her actions, as soon as practicable, and report to the relevant Committee or Full Council, at the next meeting.

17.9. **Where the value of a contract is likely to exceed £138,893 (or other threshold specified by the Office of Government Commerce from time to time) the Council must consider whether the Public Contracts regulations 2006 (SI No. 5, as amended), and the Utilities Contracts Regulations 2006 (SI No. 6, as amended) apply to the contract and, if either of those Regulations apply, the Council must comply with EU procurement rules.**

18. **Exceptions:**

18.1. 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.

18.2. 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.

19. **Payments under Contracts for Building or Other Construction Works**

19.1. 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.

19.2. 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 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.

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19.3. Any variation to the contract or addition to or omission from the 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.

20. **Stores and Equipment**

20.1. Each worker using equipment/stores belonging to the Council shall be responsible for the care of same, and for notifying the Clerk immediately of any faults or deficiencies.

20.2. No materials or goods may be purchased without authorisation by the Clerk, and accounts/receipts produced for the payment of same.

20.3. Stocks shall generally be maintained at the minimum level consistent with operational requirements.

20.4. The RFO shall be responsible for an annual check of all stocks and stores, where appropriate.

21. **Properties and Estates**

21.1. 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 interest, tenancies granted, rents payable and purpose for which held in accordance with the Accounts and Audit Regulations 1996.

21.2. 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.

22. **Insurance**

22.1. To Council's requirements, the RFO shall effect all insurances, and negotiate all claims on the Council's insurers.

22.2. The RFO shall keep a record of all insurances effected by the Council, and the property and risks covered thereby, and annually review it.

22.3. The RFO shall be notified of any loss, liability, damage, or of any event likely to lead to a claim.

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

23. **Revision of Financial Regulations**

23.1. It shall be the duty of the R&PC to review the Financial Regulations of the Council whenever appropriate, (not less than once in four years), and make amendments as required. Up-dated copies should be circulated to all Councillors as soon as practicable.