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NEWARK TOWN COUNCIL POLICY & PROCEDURE DOCUMENT

CODE OF FINANCIAL PROCEDURES

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1. ACCOUNTING SYSTEMS AND RETENTION OF RECORDS

1.1. Accounting Systems

- 1.1.1. All staff must comply with accounting instructions issued from time to time by the Responsible Finance Officer. Accounting systems should provide information that is useful for both stewardship and management responsibilities.
- 1.1.2. Managers are responsible for ensuring that all necessary approvals for grant, reimbursements or contributions from outside bodies are obtained where appropriate towards the expenditure of their section.
- 1.1.3. All interim or final claims in respect of grants, reimbursements or contributions from outside bodies, shall be recovered by Sundry Debtor accounts and Managers shall supply the Accounts Office with the necessary information to ensure that any claims are made promptly and to enable a satisfactory cash flow to be achieved.
- 1.1.4. Managers shall be responsible for ensuring the proper transfer of all financial records and assets, e.g. stocks, stores, imprests, inventories, valuables, cash etc. when an officer ceases to be the responsible accounting officer.
- 1.1.5. The following principles shall be observed, wherever possible, in the allocation of accounting duties:
 - (a) The duties of providing information regarding sums due to or from the Council and of calculating, checking and recording these sums, shall wherever possible be separated 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 wherever possible be engaged in any of these transactions.

1.2. Retention of Records

Records should be retained for the periods approved within the Town Council's Document Retention Policy.

2. ASSETS

2.1. Stocks and Stores

- 2.1.1. Managers shall be responsible for the custody and physical control of the stocks and stores in their section(s) and shall arrange for periodic stocktaking so that all items are checked at least twice per annum, or at such other frequency as the Responsible Finance Officer may agree. Test checks should also be carried out from time to time.
- 2.1.2. Records relating to stocks and stores must be kept in a form agreed with the Responsible Finance Officer.
- 2.1.3. Delivery notes must be obtained in respect of all goods received into store, and goods must be checked as regards quantity and quality at the time delivery is made.
- 2.1.4. Stocks shall not be carried by a section in excess of reasonable requirements and each Manager shall ensure that a periodic review of turnover and stock levels of all items is undertaken and that action is taken to dispose of excessive or obsolete stocks.

- 2.1.5. Managers shall notify the Responsible Finance Officer annually of the value of stocks and stores held by their section as at 31st March and shall supply such other information relating to stocks and stores as may be required by the Responsible Finance Officer.
- 2.1.6. Any surplus or deficiency revealed during stock taking must be reported to the Responsible Finance Officer, who may authorise the necessary adjustment or refer any item to the appropriate committee, and if necessary consider any internal audit checks.
- 2.1.7. Surplus stocks, stores or materials shall be disposed of at the discretion of the Responsible Finance Officer.

2.2. Security of Assets

- 2.2.1. Each manager is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under their control.
- 2.2.2. Safes and similar receptacles are to be kept locked, the key removed and carried on the person of the nominated key holder or in a secure place. The loss of such keys should be reported to the Responsible Finance Officer immediately.
- 2.2.3. Money left on the premises shall be placed in a cash box which must be kept locked in a secure place where practicable or in a safe if provided.
- 2.2.4. The Responsible Finance Officer, in consultation with Managers, shall be responsible for maintaining proper security and privacy in accordance with Data Protection legislation.

2.3. Disposal of Assets

- 2.3.1. Before disposing of an asset, managers should consult with the Responsible Finance Officer.
- 2.3.2. Unless payment for the asset is made by cash or cheque (covered by a guarantee card) the asset should not be released to the purchaser until the Responsible Finance Officer is satisfied that monies have been deposited in the Authority's bank account.

2.4. Inventories

- 2.4.1. Inventories of the Council's property (as prescribed by the Responsible Finance Officer) shall be prepared and kept up to date by each Manager or officer as the Responsible Finance Officer may authorise.
- 2.4.2. Inventories shall be in a form to be agreed by the Manager with the Responsible Finance Officer and the Manager shall arrange for the inventory to be checked with the physical asset at least annually and whenever an officer ceases to be the responsible officer.
- 2.4.3. An annual list of inventory items to be written off shall be submitted to the Responsible Finance Officer who may authorise the write-off of deficiencies due to fair wear and tear.
- 2.4.4. All deficiencies other than through fair wear and tear shall be reported by the Manager to the Responsible Finance Officer who may authorise the write-off and refer any item he considers necessary to the appropriate committee for write-off.
- 2.4.5. The Council's property shall not be removed from its usual location or used otherwise than for official purposes except with the express permission of the Responsible Finance Officer.

3. CAPITAL EXPENDITURE

- 3.1. In addition to major capital schemes which would require comprehensive report and consultation within the relevant service committee, the Town Council has established a Repairs and Renewals Fund. This Fund makes provision for the conduct of major projects of repair and development relating to the various services provided by the Town Council which can be briefly described as follows:

Allotments

The upkeep and development of Allotment Lands

Cemetery

A wide range of projects, including the provision of roadways, landscaping and arboricultural activities

Market

The upkeep and development of the Market Place, stalls and equipment

Parks & Open Spaces

The upkeep and development of Parks & Open Spaces and Play Equipment

Computers

Towards the cost of updating and replacing the computer network

Office Equipment

The replacement and maintenance of office furniture and equipment as required and in line with health and safety regulations

Public Conveniences

For the refurbishment and enhancement of public convenience facilities within the Town

Town Hall

For the funding of necessary major maintenance and refurbishment work to the building

Museum

To provide funds for the acquisition, maintenance, conservation and display of Town Council Treasures and museum exhibits.

- 3.2. A report on the level of funds held in respect of the Repairs and Renewals Fund is to be included in the summary statements presented by the Responsible Finance Officer to the Finance and General Purposes Committee, including the year end Out Turn figures.
- 3.3. As part of the annual budgetary process, Managers must review the financial position of each fund within the relevant service committee and make detailed recommendations to the Responsible Finance Officer in respect of estimated future expenditure. Such information will be taken into account in consideration of the annual contribution to each individual fund during the next financial year.
- 3.4. No expenditure can be approved against the Repairs and Renewals Fund without the approval of the Finance and General Purposes Committee.

4. INCOME AND BANKING

- 4.1. Money received by Members and Officers by virtue of their official position but not being official Council money shall be properly recorded in a form to be agreed by the Responsible Finance Officer.

- 4.2. All official receipt books, tickets and tokens etc. relating to the collection of income shall be ordered, controlled and issued by the Responsible Finance Officer unless otherwise agreed. Every issue of any such document shall be acknowledged by the signature of the officer to whom the issue was made.
- 4.3. Where income received is in the form of a cheque, this shall be cross-referenced on the bank paying in slip to the drawer by receipt number.
- 4.4. All monies received by an officer shall be banked as promptly as possible.
- 4.5. Monies received outside normal banking hours may be left on the premises provided that no alternative arrangements can be made and it is secured in a safe, or suitable locked container.
- 4.6 Incoming payment of invoices etc can also be made by the customer with a credit or debit card.
- 4.7. If an officer fails to comply with the above guidelines and a loss occurs, the Responsible Finance Officer may, where he feels it necessary, seek restitution from the officer concerned.
- 4.8. Instructions for the stoppage of cheques shall be notified to the Bank in writing. No replacement cheques can be issued until the Bank confirms this stop.
- 4.9. The Responsible Finance Officer shall maintain a record of all items of income due to the Council classified as 'periodic income' for which fixed or varying charges apply. For this purpose the term 'periodic income' shall mean any fee or charge receivable by the Council on a recurring basis one or more times in any one year.

4.10. Debtors

- 4.10.1 Where a debtor's account remains unpaid 21 days after the date of despatch of the account, a reminder shall be sent to the debtor. If the account remains unpaid 35 days after the date of despatch, a second reminder will be issued. Unpaid accounts will be subject to legal recourse for recovery no later than three months from the date of issue.
- 4.10.2 'Write-off' debtor's accounts other than provided for in paragraph 4.10.3 below, shall be authorised by resolution of the Finance and General Purposes Committee only.
- 4.10.3 The Responsible Finance Officer shall be authorised to 'write off' sundry debtor accounts not exceeding £100 net.
- 4.10.4 The Responsible Finance Officer shall be authorised to 'write off' sundry debtor accounts not exceeding £100 net.
- 4.10.5 The Council shall submit invoices for rechargeable work within one month of the work being completed and invoiced to the Council.

5. ORDERS FOR GOODS, WORKS AND SERVICES

- 5.1. Managers shall be responsible for all official orders requested on behalf of their sections ensuring that the estimate costs are covered by an approved budget or other prior sanction.
- 5.2. Official orders shall be issued for all work, goods, and services supplied to the Council, except for supplies of public utility services, payroll costs, for periodic payments such as rent or rates, for petty cash purchases or such other exception as the Responsible Finance Officer may approve.

- 5.3. When orders are placed for goods, works and services Officers must ensure compliance with the Town Council's Standing Orders, Financial Regulations and Purchasing Guide.
- 5.4. The system of checking goods received, or works done, against official orders shall be in accordance with instruction laid down by the Responsible Finance Officer.
- 5.5. Orders, order variations, goods received notes and part-delivery forms, received by the Responsible Finance Officer, shall be checked by the Accounts staff and returned to the departments where the certification is incorrect or incomplete.

6. PAYMENT FOR WORKS, GOODS AND SERVICES

- 6.1. With the exception of petty cash, the normal method of payment of money due from the Council shall be by autopayment, cheque or exceptionally direct debit.
- 6.2. All invoices for payment shall be examined, verified and certified by the officer issuing the order and coded to the appropriate expenditure head. 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. The duties of ordering, receiving goods and certifying invoices for payment must not be performed by the same officer.
- 6.4. Duly certified invoices shall be passed to the Responsible Finance Officer who shall examine them in relation to arithmetical accuracy and authorisation, and take all possible steps to settle invoices submitted, and which are in order, within 30 days of their receipt.
- 6.5. On no account can VAT invoices be amended. A credit note or replacement invoice must be obtained from the supplier.
- 6.6. Invoices shall not be made out by officers of the Council, except in exceptional circumstances when a special form of internal invoice may be used. An officer shall not add any additional item or items to an invoice rendered by a tradesperson.
- 6.7. At the end of each financial year, Managers shall notify the Responsible Finance Officer of all outstanding expenditure relating to the previous financial year in such detail and by such date as may be required by the Responsible Finance Officer.

7. PETTY CASH

- 7.1. The Responsible Finance Officer, or nominated representative, may provide petty cash to officers for the purpose of defraying operational and other expenses.
- 7.2. Holdings of Petty Cash shall be limited to amounts prescribed by the Responsible Finance Officer and shall only be varied by authority of the Responsible Finance Officer.
- 7.3. Payments shall be limited to minor items of expenditure and to such other items as the Responsible Finance Officer may approve, and shall be supported by a receipted voucher.
- 7.4. Signatures of Petty Cash holders shall be obtained annually under audit arrangements and periodic audit checks shall be made to verify petty cash holdings.
- 7.5. The Responsible Finance Officer shall be responsible for ensuring the recording of all petty cash disbursements, the custody of supporting documents and vouchers and the safe custody of all unused balances of petty cash.

- 7.6. Reimbursement of petty cash shall be obtained by use of the appropriate voucher to the Responsible Finance Officer for inclusion in the invoice payment system.
- 7.7. Petty cash record schedules, with supporting documents and vouchers, shall be made available at the time of audit.
- 7.8. On leaving the employment of the Council or otherwise ceasing to be entitled to hold a petty cash float an officer shall account to the Responsible Finance Officer for the amount advanced to them.

8. REVENUE EXPENDITURE

8.1. Preparation of Revenue Budgets

- 8.1.1. Revenue budgets must be prepared within the resource allocation limits prescribed by the Council.
- 8.1.2. Budgets must be prepared in conformity with all instructions on budgeting issued by Responsible Finance Officer. It is the responsibility of each Manager to ensure that detailed budget preparation takes place, that the amounts included are realistic, and that there has been correct application of budget conventions and procedures.
- 8.1.3. Where there is uncertainty about the proper approach to be adopted in preparing a budget, guidance should be sought from the Responsible Finance Officer.
- 8.1.4. The Responsible Finance Officer may in exceptional circumstances seek approval for contingency allocations from the Finance and General Purposes Committee during the year.

8.2 Control of Revenue Budgets

- 8.2.1. Managers shall have delegated authority to incur expenditure for which provision is made in the detailed annual revenue budget, provided this does not involve new policies or significant variations to existing policies, and subject to the conditions set out in section 8.1.
- 8.2.2. Where new policies or significant variations to existing policies or practices are proposed, a report shall be presented by the Responsible Finance Officer to the service committee. This report shall where appropriate provide details of the financial effect of the proposed policies for the current and next financial years.
- 8.2.3. Virement - the transfer of budget provision from one budget head to another - is permitted within each committee's revenue budgets on a basis to be agreed with the Responsible Finance Officer.
- 8.2.4. Where the Responsible Finance Officer considers that any proposed virement:
 - (a) causes a significant variation to existing policy; or
 - (b) involves significant future financial commitments; or
 - (c) represents a significant proportion of the budget,a report shall be presented by the appropriate manager to the Finance & General Purposes Committee.
- 8.2.5. A manager may incur expenditure that is essential to meet any immediate needs created by a sudden emergency, subject to this action being reported immediately to the Responsible Finance Officer.

8.3. Monitoring of Revenue Budgets

- 8.3.1 The Responsible Finance Officer must have in place arrangements to enable Managers to monitor their budgets on a regular basis and summary statements must be presented by the Responsible Finance Officer on a regular basis.
- 8.3.2. Explanations of significant variations must be made by Managers to the Responsible Finance Officer when requested, together with proposals for avoiding any continuing budget problems that would not be resolved without action being taken.
- 8.3.3. A report on the Council's final accounts for the year compared to the revenue budget, will be prepared by the Responsible Finance Officer, presented to the Finance and General Purposes Committee, and will include explanations of reasons for any significant variations.

8.4. Finance Standing Order 3.4.

- 8.4.1. Variations below £600 do not need to be reported to the Finance and General Purposes Committee.

9. SALARIES AND WAGES

- 9.1. Each Manager shall notify the Responsible Finance Officer as soon as possible, and in the form prescribed by him, of all matters affecting the payment of remuneration. In particular this includes all appointments, resignations, dismissals, suspensions and transfers.
- 9.2. Appointments of all employees shall be made in accordance with appropriate conditions of service and approved establishments, as defined by the Town Council or manpower regulations.
- 9.3. All time records or other pay input documents shall be in a form prescribed or approved by the Responsible Finance Officer and shall be certified by the Manager or his/her nominated representative(s).

10. TRAVEL AND SUBSISTENCE EXPENSES

- 10.1. Travel, subsistence and incidental expenses in respect of Members and employees are determined locally, based on nationally agreed scales and the prevailing statutory limits imposed by the Inland Revenue and Contributions Agency.
- 10.2. In certifying a claim for payment, the Responsible Finance Officer shall need to be satisfied that the journey undertaken was legitimate and that the expenses claimed were properly and necessarily incurred. Mileage claims should be verified wherever possible.
- 10.3. It is important that anyone using their vehicles on Council business ensure that their own private motor car insurance policy is extended, or at least their insurers are informed, that the vehicle is being used on such business. Any mileage allowance paid to the employee or Member incorporates a proportional allowance in regard to wear and tear and any extra insurance costs. It is vital that employees or Members appreciate that when they are in their own motor vehicle, the risk is with them rather than the Town Council under the Road Traffic Act. Without this 'Business Use' cover under their own policy, an employee or Member might leave him or herself open to claims in regard to damage to other vehicles, injury and death of other parties.
- 10.4. Staff should note that the Town Council's motor insurance covers the Council's own vehicles only and unless other arrangements are in place, staff are required to hire a vehicle in order to

carry out authorised Town Council business, must ensure that appropriate insurance cover is obtained.

Town Clerk

Reviewed and revised April 2019