



## **Financial Regulations**

**Responsibility:** Full Council

**Review Cycle:** Annually, or earlier in the event of legislative changes

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## 1. GENERAL

- 1.1. These Financial Regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. Financial Regulations are one of the Council's three governing policy documents (along with Standing Orders and Members Code of Conduct) providing procedural guidance for members and officers. Financial Regulations must be observed in conjunction with the council's standing orders and any individual Financial Regulations relating to contracts.
- 1.2. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
- 1.3. The Council's accounting control systems must include measures:
  - for the timely production of accounts;
  - that provide for the safe and efficient safeguarding of public money;
  - to prevent and detect inaccuracy and fraud; and
  - identifying the duties of officers.
- 1.4. These Financial Regulations demonstrate how the Council meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Governance Statement, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 1.7. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the officer of Councillor into disrepute.
- 1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council.
- 1.9. The RFO;
  - acts under the policy direction of the Council;
  - administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices;
  - determines on behalf of the Council its accounting records and accounting control systems;
  - ensures the accounting control systems are observed;
  - maintains the accounting records of the Council are up to date in accordance with proper practices;
  - assists the Council to secure economy, efficiency and effectiveness in the use of its resources; and
  - produces financial management information as required by the Council.

- 1.10. The accounting records determined by the RFO shall be sufficient to show and explain the Council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the Council from time to time comply with the Accounts and Audit Regulations.
- 1.11. The accounting records determined by the RFO shall in particular contain:
- entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate;
  - a record of the assets and liabilities of the Council; and
  - wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.12. The accounting control systems determined by the RFO shall include:
- procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
  - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
  - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
  - procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the Council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and
  - measures to ensure that risk is properly managed.
- 1.13. The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:
- setting the final budget or the Precept (Council Tax Requirement);
  - approving accounting statements;
  - approving an annual governance statement;
  - borrowing;
  - writing off bad debts;
  - declaring eligibility for the General Power of Competence; and
  - addressing recommendations in any report from the internal or external auditors,
- shall be a matter for the full Council only.
- 1.14. In addition the Council must:
- determine and keep under regular review the bank mandate for all Council bank accounts;
  - approve any grant or a single commitment in excess of £10,000; and
  - in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant Committee in accordance with its terms of reference.

- 1.15. In these Financial Regulations, references to the Accounts and Audit Regulations or 'the Regulations' shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these Financial Regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils – a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

## **2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)**

- 2.1. All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate Guidance and proper practices.
- 2.2. On a regular basis, at least once in each quarter and at each financial year end, the Chairperson of the Finance and General Purposes Committee (or the Deputy), shall verify the monthly bank reconciliations (for all accounts) produced by the RFO. The Chair/Deputy shall sign the reconciliations and the bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Finance and General Purposes Committee.
- 2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the Council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.
- 2.4. The Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the Council shall make available such documents and records as appear to the Council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Council considers necessary for that purpose.
- 2.5. The internal auditor shall be appointed by, and shall carry out the work in relation to, the internal controls required by the Council in accordance with proper practices.
- 2.6. The internal auditor shall:
- be competent and independent of the financial operations of the Council;
  - report to Council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
  - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
  - have no involvement in the financial decision making, management or control of the Council.
- 2.7. Internal or external auditors may not under any circumstances:
- perform any operational duties for the Council;

- initiate or approve accounting transactions; or
- direct the activities of any Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

- 2.8. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 2.9. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.10. The RFO shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

### **3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING**

- 3.1. Each Committee shall review its three year forecast of revenue and capital receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the Council not later than the end of January each year including any proposals for revising the forecast.
- 3.2. The RFO must each year, by no later than the end of November, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the relevant committees and the Council.
- 3.3. Each Standing Committee shall review its three year forecast of revenue and capital receipts and payments. Having regard to the forecast, it shall therefore formulate and submit proposals for the following financial year to the Finance & General Purposes Committee not later than the end of December.
- 3.4. The Council shall consider annual budget proposals in relation to the Council's three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.5. The Council shall fix the Precept (Council tax requirement), and relevant basic amount of Council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall issue the Precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.6. The approved annual budget shall form the basis of financial control for the ensuing year.
- 3.7. CiL Receipts and any grants received that are unspent at the financial year end should be transferred to an Earmarked Reserve, clearly annotated for the correct purpose.

#### 4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget, subject to the requirements of Standing Orders and Financial Regulations. This authority is to be determined by:

- the Council for all items over £10,000;
- a duly delegated Committee of the Council through the budget setting process; or
- the Clerk, for any items below £5,000 (£10,000 in exceptional circumstances).

Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Clerk, and where necessary also by the appropriate Chairperson.

Contracts may not be disaggregated to avoid controls imposed by these Regulations.

4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Council, or duly delegated Committee. During the budget year and with the approval of the relevant spending Committee having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').

4.3. Unspent provisions in the revenue or capital budgets shall not be carried forward to a subsequent year, unless placed in an Earmarked Reserve by resolution of the relevant spending Committee.

4.4. The salary budgets are to be reviewed at least annually in November for the following financial year. The RFO will inform Committees of any changes impacting on their budget requirement for the coming year in good time.

4.5. In cases of extreme or immediate risk to the delivery of Council services, the Clerk may authorise revenue expenditure on behalf of the Council which in the Clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £10,000. The Clerk shall report such action to the chairperson of the relevant Committee as soon as possible and to the Council as soon as practicable thereafter.

4.6. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.

4.7. All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

4.8. The RFO shall regularly provide the Council and duly delegated Committees with a statement of income and expenditure to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose "material" shall be in excess of £1,000 or 15% of the budget, whichever is the lower amount.

4.9. Changes in earmarked reserves shall be reported to Council as part of the budgetary control process.

## **5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS**

- 5.1. The Council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the Council; banking arrangements may not be delegated to a Committee. They shall be regularly reviewed for safety and efficiency.
- 5.2. The RFO shall retrospectively prepare a schedule of payments, forming part of the agenda for the meeting and present the schedule to Council. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.
- 5.3. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the Council or duly delegated Committee.
- 5.4. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading.
- 5.5. The Clerk, Assistant Town Clerk and RFO shall have delegated authority to authorise the payment of items in the following circumstances:
  - a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the Clerk and RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next meeting of Council;
  - b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of Council; or
  - c) fund transfers within the Councils banking arrangements up to the sum of £10,000, provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
- 5.6. For each financial year the Clerk and RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively, Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts) and the like for which Council, or a duly authorised Committee, may authorise payment for the year provided that the requirements of Regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of Council.
- 5.7. A record of regular payments made under 5.6 above shall be drawn up and be signed by two members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and / or made.
- 5.8. In respect of grants, a duly authorised Committee shall approve expenditure within any limits set by Council and in accordance with any policy statement approved by Council. Any revenue or capital grant in excess of £10,000 shall before payment, be subject to ratification by resolution of the Council.



- 5.9. Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.
- 5.10. The Council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 5.11. Authority to deal with the bank accounts on a daily basis to be delegated to the RFO, Town Clerk and Deputy Town Clerk.

## **6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS**

- 6.1. The Council will make safe and efficient arrangements for the making of its payments.
- 6.2. Following authorisation under Financial Regulation 5 above, the Council, a duly delegated Committee or, if so delegated, the Clerk or RFO shall give instruction that a payment shall be made.
- 6.3. All payments shall be affected by cheque or other instructions to the Council's bankers, or otherwise, in accordance with a resolution of Council.
- 6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule shall be presented to and signed by two members of Council. A member who is also a bank signatory and that has declared a disclosable pecuniary interest, or who has a connection with the payment beneficiary by virtue of family or business relationships, must not be a signatory to the payment in question.
- 6.5. Cheques or orders for payment shall be prepared for signature and signatories will be informed via email of the need for two to either review remotely, or call into the Council Office to sign at their earliest convenience. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 6.6. If thought appropriate by the council payment for supplies (e.g. energy, telephone, water and Non-Domestic Rates) may be made by variable or fixed Direct Debit provided that the instructions are signed by two members and any payments are reported to Council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Council at least every two years.
- 6.7. If thought appropriate by the council, payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed, or otherwise evidenced by a council member are retained and any payments are reported to council as made. Banker's Standing Orders shall be renewed by resolution of the Council at least every two years.
- 6.8. Payment may be made by Banker's Standing Order, internet banking transfer, BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories and records retained. Any payments are reported to Council as made.
- 6.9. The BACS procedure will be as follows:

- a) two Councillors (authorised signatories) to sign the appropriate paper documentation or approve by email e.g. BACs form.
- b) Finance Administrator to input the payments on to Bankline.
- c) RFO to authorise the payment on Bankline.
- d) The Town Clerk or Deputy Town Clerk to perform step c) in the absence of the RFO.
- e) The RFO, Town Clerk or Deputy Town Clerk to perform step b) in the absence of the Finance Administrator.
- f) Steps b) & c) must be carried out by separate Officers.

- 6.10. Where internet banking arrangements are made with any bank, the Clerk, Deputy Town Clerk and RFO shall be appointed as Service Administrators with authority to input BACS payments, print bank statements, add and delete users, authorise payments and transfer between accounts. The Finance Administrator shall be authorised to input BACS payments and to print bank statements. The Bank Mandate approved by the Council shall identify a number of Councillors who will be authorised to approve transactions on those accounts.
- 6.11. No employee or Councillor shall disclose any PIN or password, relevant to the working of the Council or its bank accounts, to any person unless authorised in writing by the Council or a duly delegated Committee.
- 6.12. Regular back-up copies of the records on any computer shall be made and encrypted and shall be stored securely away from the computer in question, and preferably off site.
- 6.13. The Council, and any members using computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.14. Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.
- 6.15. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used for Council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.16. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy or e-mail notification by the supplier and supported by hard copy or email authority for change signed by the RFO. A programme of regular checks of standing data with suppliers will be followed.
- 6.17. Any Debit Card issued will be specifically restricted to the Clerk and will also be restricted to a single transaction maximum value of £5,000 unless authorised by Council or appropriate Committee in writing before any order is placed. The maximum amount which can be withdrawn in cash by the Clerk using the debit card is £500 in any three month period. Any amount in excess of this figure must be

authorised in advance by Council or the appropriate Committee. If the debit card is used for purchases, then the Procedures in 6.16 & 6.17 (a-d) should be followed.

- 6.18. A pre-paid debit card or trade account cards may be issued to employees with varying limits. These limits will be set by the Finance Committee. Transactions and purchases made will be reported to the relevant committee and authority for topping-up shall be at the discretion of the relevant committee.
- 6.19. Any corporate credit card or trade card account opened by the council will be specifically restricted to the Clerk/Deputy Clerk/RFO/Operations Manager and will be limited to a maximum of £5,000 per month unless authorised by Council or appropriate Committee in writing before any order is placed and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances.
- 6.20. The Charge Card purchase procedures will be as follows:
  - a) Monthly expenditure on the Business Charge Card shall be limited to £5,000.
  - b) Only the Town Clerk (or Deputy Clerk/RFO in their absence) shall be authorised to use the Business Charge Card. With his/her written instructions the use of the card may be delegated
  - c) The Town Clerk (or as above) shall be authorised to purchase any one item that is identified in the budget (e.g. stationery) or has previously been approved by Committee
  - d) Prior to a purchase being made or an order placed;
    - i. An official purchase order shall be raised by a duly authorised officer.
    - ii. A Business Charge Card authorisation form shall be completed with purchase details attached, signed by the Town Clerk or Deputy Town Clerk/RFO in their absence.
  - e) When the monthly Business Charge Card statement is received, any payments going through this shall be included with the schedule of payments to be signed by the authorised cheque signatories.
- 6.21. The RFO may provide petty cash to 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.
  - a) The RFO shall maintain a petty cash float of £350 for the purpose of 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 payments presented to council under 5.2 above.

## **7. PAYMENT OF SALARIES**

- 7.1. As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made

in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by Council, or duly delegated Committee.

- 7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available Council meeting, as set out in these Regulations above.
- 7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council or duly delegated Committee.
- 7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
  - by any Councillor who can demonstrate a need to know;
  - by the internal auditor;
  - by the external auditor; or
  - by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5. The total of such payments in each calendar month shall be reported to Council with all other payments as made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.
- 7.6. An effective system of personal performance management should be maintained for the senior officers.
- 7.7. Any termination payments shall be supported by a clear business case and reported to the Council. Termination payments shall only be authorised by Council.
- 7.8. Before employing interim staff the Council or duly delegated Committee must consider and approve a full business case.
- 7.9. The Chair (or Deputy) of the Personnel Committee will check the payroll every month after it has been run and countersign the BACs submission form.

## **8. LOANS AND INVESTMENTS**

- 8.1. All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The application for borrowing approval and subsequent arrangements for the loan shall only be approved by full Council.
- 8.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as hire purchase or leasing of tangible assets) shall be subject to approval by the full Council.

In each case a report in writing shall be provided to Council in respect of value for money for the proposed transaction.

- 8.3. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.4. The Council shall agree an investment strategy which, shall be in accordance with relevant Regulations, proper practices and guidance. The strategy shall be reviewed by the Finance & General Purposes Committee at least annually.
- 8.5. All investments of money under the control of the Council shall be in the name of the Council.
- 8.6. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.7. Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments). The RFO (or in their absence the Town Clerk) shall be authorised to make all necessary transfers between the Council's bank accounts and investments to achieve the best possible interest within the guidance of the annual investment strategy.

## **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 agreed annually by the Council or duly delegated Committee and notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the council.
- 9.3. The Council or duly delegated Committee will review all fees and charges at least annually, following a report of the Clerk.
- 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to and agreed by the Council and shall be written off in the year.
- 9.5. All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6. The origin of each receipt shall be entered on the paying-in slip.
- 9.7. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8. The RFO shall promptly complete any VAT return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.

- 9.9. Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.
- 9.10. Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the Council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any Council meeting (see also Regulation 16 below).

## **10. ORDERS FOR WORK, GOODS AND 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. Copies of orders shall be retained.
- 10.2. All orders should be signed by a duly authorised officer who shall be
- The Town Clerk – must sign all orders over £750
  - The Assistant Town Clerk - can sign all orders over £750 (in the TCs absence)
  - The RFO – only in the absence of another duly authorised officer.
  - The following staff up to £750 on set budgets for which they have day to day responsibility.
    - Operations Manager
    - Deputy Town Clerk
    - Head Grounds Person (or Lead Groundsperson in HG absence)
    - Events Manager
    - Facilities Officer
- 10.3. All officers are responsible for buying local wherever possible and obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction,
- 10.4. A member may not issue an official order or make any contract on behalf of the Council.
- 10.5. Each Order raised shall conform with Standing Orders and Financial Regulations.

## **11. CONTRACTS**

- 11.1. Procedures as to contracts are laid down as follows:
- a. Every contract shall comply with these Financial Regulations, and no exceptions shall be made otherwise than in an emergency provided that Regulation 11 need not apply to contracts which relate to items (i) to (vii) below:
    - i. contracts of employment;
    - ii. for the supply of gas, electricity, water, sewerage and telephone services;

- iii. for specialist services such as are provided by solicitors, accountants, surveyors, architects and planning consultants;
  - iv. 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;
  - v. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
  - vi. for additional audit work of the external auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairperson and Vice Chairperson of Council); and
  - vii. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- b. Where the Council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 ("the Regulations") which is valued at £25,000 or more, the Council shall comply with the relevant requirements of the Regulations<sup>1</sup>. (See also Standing Orders 18c/f/g)
  - c. The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time). (See also Standing Orders 18c/f/g)
  - d. When applications are made to waive Financial Regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council or duly delegated Committee.
  - e. 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 detail 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 specifically 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 in the presence of at least two members of Council.
  - g. Any invitation to tender issued under this Regulation shall be subject to Standing Orders and shall refer to the terms of the Bribery Act 2010.
  - h. When the Council is to enter into a contract of less than £25,000 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 (a) the Clerk, Deputy Town

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<sup>1</sup> The Regulations require Councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

Clerk, Operations Manager, Head Groundsperson, Events Co-Ordinator, Facilities Officer, or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £5,000 and above £1,000 the Clerk or RFO shall strive to obtain the best value for money and for buying local wherever possible. Otherwise, Regulation 10.3 above shall apply.

- i. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- j. Should it occur that the Council, or duly delegated Committee, does not accept any tender, quote or estimate, the work is not allocated and the Council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.
- k. For each estimated value of cost of works, goods, materials or services as set about below, and the provision has been made in the budget, the arrangements for quotations and tenders are as the following table.

Estimated Value			Method of Invitation	Acceptance by
0	to	£1,000	Best Practice to be followed.	Town Clerk
£1,000	to	£5,000	Best Practice to be followed.	Town Clerk
£5,000	to	£25,000	Minimum of three invitations for quotations	Committee or Council
£25,000	to	£60,000	Minimum of three invitations for quotations with discretion to invite tenders by public advertisement in accordance with the Public Contracts Regulation 2015	Delegated Committee through budget setting process or resolution by Council committee
above		£60,000	Invite tenders by public advertisement in accordance with the Public Contracts Regulation 2015	

## 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 RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Council or duly delegated Committee.



- 12.3. Any variation to a contract or addition to or omission from a contract must be notified to the contractor in writing, and the Council being informed where the final cost is likely to exceed the financial provision by more than 10%.

### **13. STORES AND EQUIPMENT**

- 13.1. The 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 shall be obtained in respect of all goods received, correctly and in good order wherever possible or clarification that all items have been received.
- 13.3. Stocks shall be kept at the levels consistent with operational requirements.

### **14. ASSETS, PROPERTIES AND ESTATES**

- 14.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The RFO shall ensure a record is maintained of all properties held 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 Accounts and Audit Regulations.
- 14.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £1,000. All items of historic significance shall be referred to the Council prior to any disposal.
- 14.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law. In each case a report in writing shall be provided to Council in respect of valuation together with a proper business case (including an adequate level of consultation with the electorate).
- 14.4. No real property (interests in land) shall be purchased or acquired without the authority of the full Council. In each case a Report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.5. 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, possibly in conjunction with a health and safety inspection of assets.
- 14.6. Subject only to the limit set in Regulation 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full council. In each case a report in writing shall be provided to council with a full business case.

- 14.7. Capital receipts from the disposal of fixed assets cannot be used for revenue purposes and can only be used for capital purposes – that is the purchase of fixed assets, the making of capital grants or the repayment of long-term loans. The Council will keep a separate record to demonstrate compliance of this requirement.

## **15. INSURANCE**

- 15.1. Following the annual risk assessment (per Financial Regulation 17), in consultation with the Clerk, the RFO shall effect all insurances.
- 15.2. The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations effecting 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, reporting on its suitability to the Council at the next appropriate meeting.
- 15.4. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim and shall report these to Council at the next available meeting.
- 15.5. All appropriate members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council, or duly delegated Committee.

## **16. CHARITIES**

- 16.1. Where the Council is sole managing trustee of a charitable body the Clerk and RFO shall ensure that separate accounts are kept (if required) of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Clerk and RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

## **17. RISK MANAGEMENT**

- 17.1. The Council is responsible for putting in place arrangements for the management of risk. The Clerk and the RFO shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.

## **18. EARMARKED RESERVES POLICY**

- 18.1 Reserves will only be earmarked in line with CIPFA code of practice on Local Authority Accounting in the UK (the Statement of Recommended Practice). The amount earmarked in any one financial year

will not exceed the difference (surplus) between the budgeted net expenditure and the actual net expenditure.

18.2 Reserves can be spent or earmarked at the discretion of the Council. They can result from:

- Events which have allowed money to be set aside
- Surpluses
- Decisions causing anticipated expenditure to have been postponed or cancelled
- Money set aside for major anticipated capital schemes, projects or service arrangements the Town council wish to carry out
- A working balance to help cushion the impact of uneven cash flows e.g. election expenses
- To avoid unnecessary temporary borrowing
- A contingency to cushion the impact of unexpected events or emergencies
- A means of building up funds to meet known or predicted liabilities

18.3 Expenditure will not be charged direct to Earmarked reserves (EMR) and transfers to and from EMR will be clearly itemised in the accounts.

18.4 For each reserve the following will be clearly documented

- The reason for or purpose of the EMR
- The type of expenditure the EMR will be used for
- Any circumstances the EMR cannot be used for.

18.5 Reserves will be managed controlled and reviewed by the RFO

- On a transaction by transaction basis to ensure the correct expenditure is being taken from the correct reserve and no reserve is being over spent.
- Twice per year, once during the budget review and once at the year end, in consultation with the Town Clerk, the RFO will review the appropriateness of each reserve, making recommendations to the relevant Committee as to which reserves should be earmarked next financial year. At such time any reserves considered no longer appropriate will be transferred back to the General Reserve.

18.6 At the year-end, the RFO will earmark underspends from previously agreed budgets e.g. building maintenance, election costs and asset purchases.

## **19. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

19.1. It shall be the duty of the Council to review the Financial Regulations of the Council on an annual basis. The RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise the Clerk and Council of any requirement for a consequential amendment to these Financial Regulations.

19.2. The Council may, by resolution of the Council duly notified prior to the relevant meeting of Council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of Council.