



NELSON TOWN COUNCIL

FINANCIAL REGULATIONS

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FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its Meeting held on _____.

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 providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders¹ 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. A breach of these Regulations by an employee is gross misconduct.
- 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 office of Councillor into disrepute.
- 1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. The Clerk has been appointed as RFO for this council and these regulations will apply accordingly.
- 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 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 Regulations².
- 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.
- Engaging financial consultants above £500 subject to a recommendation from a committee in accordance with its terms of reference

1.14. In addition the council must:

- determine and keep under regular review the bank mandate for all council bank accounts;
- approve any grant in excess of £1,000 or a single commitment in excess of £7,500
- 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. The committee must have regards to recommendations to Society of Local Council Clerks (SLCC) or the National Association of Local Council Clerks (NALC) recognised salary scales of employees.

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) or *Governance and Accountability for Local Councils in Wales - A Practitioners’ Guide*, available from the websites of One Voice Wales (OVW) and SLCC as appropriate.

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, Standing Order 17, appropriate Guidance and proper practices.
- 2.2. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman [or a cheque signatory] shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.
- 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 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. The aim of the budget planning process is to arrive at a precept that will fulfil the corporate objectives of the Council, be sufficient for the Council to undertake its statutory duties, service contractual obligations and work for the benefit of the people of Nelson while remaining a financially sound organisation. The Council shall be kept informed throughout this process and ultimately approve the Council's budget.
- 3.2. Each Committee shall submit their draft detailed Committee budget in respect of revenue and capital income and expenditure for the following year to the Finance & General Purposes Committee by 31 October.

- 3.3. In early November, a Budget Working Group (BWG), comprising of the Chair and Vice Chair of the Council and Chair and Vice of the Finance and General Purposes committee will be formed. The BWG will consider detailed estimates of all income and expenditure on base activities (including Committee budgets, grant levels and figures from the Principal Authority) for the following year prepared by the RFO. These estimates will form the draft Council budget.
- 3.4. The draft Council budget shall be presented to the Finance & General Purposes Committee for consideration by 30 November in the presence of the RFO. This Committee may request a second version of the budget to be prepared by the BWG but must reach agreement on a draft budget to be recommended to Council no later than its January / February meeting. The recommended budget must be capable of meeting all financial commitments and disclose the level of precept.
- 3.5. The Council shall consider and approve the Council budget including the precept and relevant basic amount of Council Tax to be levied for the following financial year in February. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved Council budget.
- 3.6. The approved Council budget shall form the basis of expenditure control for the following year.

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 4.1. The Finance & General Purposes Committee shall monitor the income and expenditure of the Council to ensure that it does not overspend its budget in total. It is not responsible for the close control of other committees' spend. Any income and expenditure not the responsibility of another committee shall be the responsibility of the Finance & General Purposes Committee.
- 4.2. Committees with an allocated budget are responsible for the proper management of that budget and may only incur expenditure up to the amounts included in the approved budget without seeking further approval of Council. Adhering to these Regulations will assist committees in the proper management of their allocated budget.
- 4.3. A committee may only incur expenditure which exceeds the amount provided for in that heading in the revenue budget if the Finance & General Purposes Committee have identified how that expenditure may be funded and with the prior approval of the Council. If the funding impacts on the level of the contingency funds or reserves, the Finance & Audit Committee will make the Council fully aware of any effect this will have on future projects or the precept before any decision is reached.
- 4.4. The RFO shall provide the Finance & General Purposes Committee and each spending committee with a monthly financial monitoring statement.
- 4.5. Where a committee is at risk of exceeding or not properly managing its budget the Finance & General Purposes Committee can require a committee to report on the action taking place or planned to manage this risk. If the committee or panel fail to provide this report, the matter may be referred to the Council to consider. Any recommendations from the Finance & General Purposes Committee to committees must be formally considered and a minuted decision taken on their adoption.

- 4.6. The Finance & General Purposes Committee must inform the Council if it considers that the Council is at high risk in any of its financial dealings, procedures or systems and may request the Council for extraordinary powers to rectify a high risk situation.
- 4.7. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:
- the Council for all items over £7,500
 - a duly delegated committee of the Council for items of expenditure within their delegated budgets (subject to these regulations)
 - the Clerk for any revenue items below £1,000 (within budget approved parameters)
 - the Clerk on behalf of the Events, Promotional & Marketing committee has delegated authority to incur event associated expenditure subject to the limit of £3,500 per event within budget approved parameters and shall report the expenditure incurred for each event under delegated powers to the Events, Promotional & Marketing committee at the next meeting
 - the Catering Manager for revenue expenditure to the maximum limit of £400 per weekly order for the functions of the Unity Well Being Café services

Such authority for the expenditure above is to be evidenced by a committee minute reference or authorisation reference highlighted within these regulations or the Council's approved Scheme of Delegation which is to be inserted on all purchase orders and invoices for payment

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

- 4.8. Where expenditure is incurred in accordance with regulation 4.7 above and the sum required cannot be met from savings made elsewhere within the approved budget, it shall be subject to the provisions of a supplementary estimate by the Council. This could be by a virement between budget headings.
- 4.9. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.10. The salary budgets are to be reviewed at least annually in October for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chairman of Council or relevant committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.11. In cases of extreme 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 £3,000. The Clerk shall report such action to the chairman as soon as possible and to the Finance and General Purposes committee as soon as practicable thereafter.
- 4.12. 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 and the requisite borrowing approval has been obtained.
- 4.13. All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.

- 4.14. Changes in earmarked reserves shall be approved by council as part of the budgetary control process.

5. BANKING ARRANGEMENTS

- 5.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved only by the Finance and General Purposes committee; banking arrangements may not be delegated to a committee. The arrangements shall be regularly reviewed for safety and efficiency. The RFO shall be the nominated individual who deals with the Council's bankers but will not be an account signatory.
- 5.2. The Council's signatories shall be the Chair and Vice Chair of the Council, the Chair and Vice Chair of the Finance and General Purposes committee and a member of the Finance and General Purposes committee. In total the Council will operate with five cheque signatories.
- 5.3. During a period of changeover, the signatories may continue to be valid until the bank has completed the changeover process, subject to them remaining as a member of the Council.
- 5.4. The Council reserves the right to seek credit references in respect of members or officers who act as signatories.
- 5.5. The RFO is responsible for managing and transferring monies within accounts to the best advantage of the Council. All such transfers shall be reported to the Finance & Audit Committee.
- 5.6. A bank reconciliation shall be produced monthly by the RFO and be submitted to the Finance & Audit Committee for verification, this activity is to be evidenced and reported upon, including any exceptions. A member other than the cheque signatory shall be appointed from the committee to verify the bank reconciliations (for all accounts) produced by the RFO. The committee member appointed for that meeting shall sign the reconciliations and the original bank statements as evidence of verification. This activity shall on conclusion be recorded in the minutes of the Finance and General Purposes committee.
- 5.7. The Council's bank account must not hold funds on behalf of any other individual or organisation except where the Council is the nominated accountable body for a joint committee of local councils.
- 5.8. Personal credit or debit cards of members or staff shall not be used under any circumstances.
- 5.9. Appropriate safeguards will be put in place by the RFO to ensure that internet banking facilities are restricted to a minimal number of nominated individuals and that such facilities are discharged in a safe and effective manner. In particular passwords and personal identification numbers must not be shared. Any breach of these safeguards shall be immediately reported to the Finance & General Purposes Committee and to the Council where these are deemed serious. The safeguards defined by the RFO must be adhered to by all those involved in internet banking.
- 5.10. Changes to account details for suppliers which are used for internet banking may only be requested by the supplier in writing and approved in writing by the Clerk. A programme of regular checks of standing data with suppliers will be undertaken by the RFO.
- 5.11. The Council permits the Clerk and RFO to each hold a charge card in the name of the Council on condition that each has a maximum monthly spend of £250 and a maximum

spend of £200 in a single transaction unless authorised by the Finance and General Purposes committee in writing before any order is placed. The overall limit on each charge card shall be the higher of £250 or the minimum allowable by the bank and may only be used for online purchases where it would not be practical to follow the normal ordering routine. The cards must be returned to the Council upon the card holder no longer requiring use of the card.

- 6.10 An additional officer should be introduced into the purchase card process to ensure segregation of duties. This regulation would be applicable for the combined role of Clerk/RFO. The additional officer would check and sign the purchase card statement. This officer could be the Administration Assistant or the Catering Manager. Transactions via the charge card will be included on the monthly schedule of payments presented to the Finance and General Purposes committee.

6. AUTHORISATION AND INSTRUCTIONS FOR THE MAKING OF PAYMENTS

- 6.1. The Council will make safe and efficient payment arrangements.
- 6.2. The Council will only make payments in respect of goods and services that it has received or when grant funding or sponsoring other organisations or as a contribution to a jointly funded project. It shall not make payments on behalf of other organisations.
- 6.3. All invoices for payment shall be examined, including for arithmetic accuracy, verified, coded to the appropriate expenditure heading and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received or carried out and represents expenditure previously authorised. All third party invoices must be supported by third party supplier invoices, receipts or documentation to evidence where the supply of goods or services has originated.
- 6.4. The RFO shall submit to each spending Committee for review and approval, a monthly schedule of payments made. In addition the Finance & General Purposes Committee will receive for review for compliance, a monthly schedule of all payments made. The schedules shall be signed by the Committee chair and included as an annex to the minutes, subject to any redaction to protect personal information.
- 6.5. Members are subject to the Code of Conduct 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 which must be disclosed, unless a dispensation has been granted.
- 6.6. All payments, other than those paid from petty cash, shall be effected by cheque or other instructions to the Council's bankers.
- 6.7. Cheques or orders for payment drawn on the bank account shall be signed by two cheque signatories in accordance with a resolution or authorisation reference authorising the expenditure or in accordance with the Scheme of Delegation. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.
- 6.8. To indicate agreement of the details shown on the cheque or order for payment with the cheque counterfoil and the invoice or similar documentation, the signatories shall each initial

the counterfoil. Following authorisation of the invoices for payment Councillors are responsible for checking that the payee and amount agree to the supporting documentation, and that the payment has been authorised.

- 6.9. Payment terms are within 28 days.
- 6.10. Any erroneous or duplicate payments shall be reported to the Finance & Audit Committee, as will any payments made for goods or services that have later proved unsatisfactory.
- 6.11. The Finance & General Purposes Committee may approve the use of Direct Debit, standing order, BACS, CHAPS or internet banking as a means of payments for specific items and where considered appropriate. Instructions must be signed, or otherwise evidenced by two cheque signatories and retained and any payments made by these means shall be recorded on the schedule of payments to the Finance & Audit Committee.
- 6.12. All payments made by Direct Debit, in respect of utilities and on contract shall be made by the RFO in accordance with the terms agreed on payment (subject to Financial Regulation 13 relating to building or other construction work).
- 6.13. The RFO shall maintain a petty cash float of £250 for the purpose of defraying expenses which are not practical to be paid via the normal ordering and invoicing routine. Any committees requiring the use of a temporary petty cash float must request this facility from the RFO with at least one week's notice. Vouchers for payments made from petty cash shall be kept to substantiate the payment. No reimbursements shall be made from the petty cash float without an appropriate voucher to justify the payment.
 - a. Income received must not be paid into the petty cash float but must be separately banked.
 - b. Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to the Finance & General Purposes Committee.
 - c. No payment on an individual item exceeding £50 shall be made from petty cash without the advance approval of the Finance & Audit Committee.
 - d. To ensure segregation of duties in the combined role of Clerk/RFO; the Council restricts the Clerk/RFO to request and authorise petty cash payments to the maximum limit of £30.00
 - e. An additional officer is to be tasked to reconcile the petty cash. This could be the Administration Assistant. On completion of the petty cash reconciliation, the additional officer would check and sign the petty cash schedule to confirm verification of the reconciliation carried out.
- 6.14. The Clerk and RFO shall have delegated authority to authorise the payment of items only 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 appropriate meeting of council.

- b) An expenditure item authorised under 5.6 above (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.
- 6.15. 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 £1,000 shall before payment, be subject to ratification by resolution of the council.
- 6.16. 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.
- 6.17. 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.
- 6.18. Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member.
- 6.19. All purchases and contracts in excess of £500 excluding VAT are to be published each month on the Town Council website.
- 6.20. No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council or a duly delegated committee.
- 6.21. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
- 6.22. 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.
- 6.23. Where internet banking arrangements are made with any bank, the Clerk [RFO] shall be appointed as the Service Administrator. The Bank Mandate approved by the Finance and General Purposes committee 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.
- 6.24. 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 on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.25. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by two members. A programme of regular checks of standing data with suppliers will be followed.

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. The RFO is responsible for the payment of PAYE, National Insurance and any other deductions required by HMRC or any other government body.
- 7.4. The RFO is responsible for the administration of the Pension Fund scheme.
- 7.5. The Council can choose to outsource any of the above to a recognised payroll agency but the RFO will still retain overall responsibility.
- 7.6. The Clerk will approve the payroll, based on timesheets or other information, prior to it being run. Evidence of this approval will be retained by the RFO.
- 7.7. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Personnel committee or Council.
- 7.8. 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 (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
 - a) by any councillor who can demonstrate a need to know;
 - b) by the internal auditor;
 - c) by the external auditor; or
 - d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.9. The total of such payments in each calendar month shall be reported 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.
- 7.10. An effective system of personal performance management should be maintained for the senior officers.
- 7.11. Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.
- 7.12. Before employing interim staff the council must consider a full business case.

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, containing a robust and documented risk assessment.
- 8.3. The council will arrange with the council's Banks and Investment providers for the sending of a copy of each statement of account to the Chairman of the council at the same time as one is issued to the Clerk or RFO.
- 8.4. 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.
- 8.5. The council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually.
- 8.6. All investments of money under the control of the council shall be in the name of the council.
- 8.7. 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 agreed annually by the council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the council including rental income.
- 9.3. An official council receipt, invoice or till receipt must be issued in respect of each item of income due to or received by the Council.
- 9.4. The relevant committee will approve all fees and charges (within their terms of reference) at least annually, who will consider the advice of the Clerk and RFO.
- 9.5. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year, following a recommendation from the Finance and General Purposes committee and the RFO.
- 9.6. 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.
- 9.7. The origin of each receipt shall be entered on the paying-in slip.
- 9.8. Personal cheques shall not be cashed out of money held on behalf of the council.

- 9.9. 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.
- 9.10. 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.
- 9.11. Any overpayments identified shall be recovered in line with the income procedures set out above and the RFO shall be responsible for raising an invoice to the overpaid party to register the debt and recover the overpaid sum of money. Where on investigation if there is evidence of fraudulent intent from the overpaid party, the matter shall be referred to the Police. A criminal conviction in such a case will not eliminate the public debt which has arisen from the overpayment and therefore the recovery of the overpayment will be pursued by any means available.
- 9.12. 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. A fully completed 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 (such as in respect of utilities). Order books shall be controlled by the RFO with copies of orders retained.
- 10.2. No orders shall be raised or commitment or contract entered into unless explicit written authority is given by an officer within their delegated limits or by a resolution of a Committee or Council (subject to the limits in the resolution). Where resolutions are 'in draft', officers supporting Committees or Council (or in their absence the Committee Chair) should confirm to the RFO that a commitment to be entered into accords with the resolution of the Committee or Council.
- 10.3. The RFO shall verify the legality and authorisation of any proposed purchase before an order is raised and, in the case of novel purchases, will ensure that the statutory authority under which the proposed purchase is being made is reported at the Committee or Council meeting and recorded in the minutes.
- 10.4. All members and officers are responsible for 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, subject to any de minimis provisions in Regulation 11.1 below.
- 10.5. A member may not issue an official order or enter into any contract on behalf of the Council.

- 10.6. Orders may only be placed for goods and services that will be used by the Council and should be allocated to a budget at the time of ordering and where relevant a minute number be included.
- 10.7. A division of duties must be evident in the ordering process. Any purchase orders must be countersigned by another officer to ensure segregation of duties.

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 this regulation need not apply to contracts which relate to items (i) to (vi) below:
- i. for the supply of gas, electricity, water, sewerage and telephone services;
 - ii. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
 - iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
 - v. for the hiring of event entertainment providers or performance artists (excluding fun rides);
 - 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 Chairman and Vice Chairman 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 ³
- 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) ⁴

³ ³ 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

⁴ Thresholds currently applicable are:

a. For public supply and public service contracts 209,000 Euros (£164,176)
For public works contracts 5,225,000 Euros (£4,104,394)

- 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.
- 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. It is recognised that there would be times when specialist knowledge is required and at these times the Council will procure the services of professionals in that specialist field of work to write the specification with the relevant officer. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Tenders should be advertised through social media and the Town Council website, consideration will be given to newspapers where relevant. 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 one member of council.
- g. If less than three tenders are received for contracts above £25,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods, materials, works or services and record the decision and reasons for this.
- h. 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.
- i. When it 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 or RFO shall obtain 3 quotations (priced descriptions of the proposed supply);
- j. Where the value is below £5,000 and above £1,000 the relevant officer shall strive to obtain 3 estimates. Below this level, best value must be obtained. The decision and reasons for not procuring from a supplier who is not the cheapest must be recorded.
- k. The council or committee, following due deliberations, shall not be obliged to accept the lowest or any tender, quote or estimate.
- l. 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.

11.2 All tenders, quotations and estimates above £1,000 shall be recorded in the Council or committee minutes. Officers shall record all tenders, quotations and estimates received in a database created by the RFO.

- 11.3 Contract clauses must be carefully checked to ensure the Council is not committing to excessive risk. Clarity should be sought from the Clerk who will, if necessary, refer the item to Council. In exceptional situations a legal opinion may be required.
- 11.4 Should a conflict of interest arise when evaluating tenders, quotes or estimates or when awarding a contract or otherwise submitting an order for the supply of goods or services, this must be recorded with the Clerk and in the minutes of the Council meeting that intends to appoint a contractor. The officer or member should withdraw from the procurement process unless dispensation is given by the Council.

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 Finance and General Purposes committee.
- 12.3. Any variation to a contract or addition to or omission from a contract must be approved by the council and Clerk to the contractor in writing, the council being informed where the final cost is likely to exceed the financial provision.

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 into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 13.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4. The RFO shall be responsible for periodic checks of stocks and stores at least annually.

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 Finance and General Purposes committee, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £250.00

- 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 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).
- 14.4. 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. Subject only to the limit set in Reg. 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the Finance and General Purposes committee. In each case a Report in writing shall be provided to the committee with a full business case.
- 14.6. 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.
- 14.7. The Clerk will maintain a record of all tenancies granted by the Council, each of which shall be subject to a signed contract or agreement maintained by the Clerk. Rents in respect of all tenancies shall be collected in accordance with the terms of the agreed contract or agreement and Financial Regulation 9.

15. INSURANCE

- 15.1. Following the annual risk assessment (per Financial Regulation 17), the RFO shall effect all insurances and negotiate all claims on the council's insurers.
- 15.2. The Clerk shall give prompt notification 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 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 annually by the Finance and General Purposes 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 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. GRANTS & SPONSORSHIP

- 17.1 All applications for funding received must be in accordance with the procedures for funding applications agreed by the Council. Those which exceed £1,000 shall be considered by the Council.
- 17.2 Sponsorship and contributions to jointly funded projects may be made that fall outside the grant criteria but within the Committee's terms of reference.

18. RISK MANAGEMENT

- 18.1. The Council is responsible for putting in place arrangements for the management of risk. The Council will annually review the Council's risk assessment policy.
- 18.2. A corporate risk assessment will be prepared detailing those risks which may adversely impact on the achievement of the Council's objectives and the controls in place and planned to mitigate them. The corporate risk assessment will be annually reviewed by the Council.
- 18.3. All project plans and business cases that consider major financial investment by the Council must be subject to a sufficiently robust and documented risk assessment that is reviewed as part of their appraisal by the appropriate Committee or Council. No commitment may be entered into until the appraisal is completed and reviewed.

19. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 19.1. It shall be the duty of the Finance and General Purposes committee to review the Financial Regulations of the council from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the 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.

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