



## **FINANCIAL REGULATIONS**

Last reviewed on 24 May 2023

Next Review Date: May 2024

(based on NALC model Financial Regulations 2019)

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All references to the Responsible Financial Officer (RFO) shall refer to the Town Clerk & Responsible Financial Officer and be interchangeable

These Financial Regulations were adopted by full Town Council on 24 May 2022

### **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 orders and to 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 it has a sound system of financial control which facilitates the effective exercise of the Council's functions. These financial regulations are designed to demonstrate how the Council meets those responsibilities.

- 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 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.
- 1.5 Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 1.6 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.
- 1.7 The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council. The Deputy Town Clerk has been appointed as RFO for this council and these regulations will apply accordingly. References to the RFO in the Financial Regulations in respect of specific duties (rather than overall responsibilities) shall be taken as extending to "or other delegated officer".
- 1.8 The RFO:
- acts under the policy direction of the co Resources and General Services Committee (RGS);
  - 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.
- 1.9 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 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.
- 1.10 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.

1.11 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.

1.12 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.

1.13 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 [£5,000]; 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.

1.14 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 relevant statutory Regulations.

## **2 Annual Estimates (Budget), Precept and Forward Planning**

- 2.1 Commencing in the autumn, each committee having power and intending to incur expenditure shall formulate proposals for revenue services (including fees and charges) and capital costs, including the use of reserves and sources of funding, for the ensuing financial year and also its three -year forecast of revenue and capital, receipts and payments. To facilitate this process the RFO shall prepare detailed estimates of all income and expenditure for the year, including the use of reserves and all sources of funding, to be considered by the committees. Committees whose only expenditure is a service cost recharge from central costs and which have no income will not be required to formulate such proposals. The committees' proposals will be submitted to RGS Committee normally by the end of November, or in accordance with the date of the RGS Committee (budgets) as shown in the agreed schedule of meetings.
- 2.2 The RGS Committee shall review the committees' estimates taking into account the Council's overall financial position and shall recommend to the Council, including any proposals for revising the forecasts normally by the end of January, the precept to be levied for the ensuing financial year.
- 2.3 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.
- 2.4 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.
- 2.5 Once agreed, the estimates (approved annual budget) become the committees' budgets for the following year and form the basis of subsequent financial control.
- ## **3 Budgetary Control, Monitoring and authority to spend**
- 3.1 Expenditure on revenue items may be incurred up to the amounts included in each approved committee budget for that class of expenditure.
- 3.2 If a committee wishes to incur expenditure which cannot be met from the amount provided under the appropriate budget heading then it may make a virement from another heading under its control. If the committee does not wish or is not able to make a virement then it must submit a request with supporting information to RGS Committee for a supplementary estimate, the costs to be met from the Council's resources.
- 3.3 Each spending committee shall receive periodic reports on its income and expenditure to date under the approved budget headings. The RFO shall report on any anticipated departures from the budgets and the committee will consider what action, if any, is required.

- 3.4 Expenditure may be incurred on behalf of the Council if in the RFO's opinion it is necessary to carry out any repair replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £5,000. Any necessary expenditure in excess of this limit must be referred either to the Town Mayor or Deputy Town Mayor, or the Chairman or Vice Chairman of RGS Committee or of the committee under whose aegis the item falls. Any such action is to be reported as soon as practicable thereafter to the appropriate committee and to be evidenced by a minute.
- 3.5 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be found from within the committee's approved budget, it shall be submitted to the RGS Committee for approval of a supplementary estimate.
- 3.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the committee concerned is satisfied that the necessary funds are available or the requisite borrowing approval has been obtained.
- 3.7 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts. Contracts may not be disaggregated to avoid controls imposed by these regulations.
- 3.8 Unspent provisions in the budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve.
- 3.9 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.
- 3.10 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.
- 3.11 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 3.12 The RFO shall regularly provide the council with a statement of receipts and payments 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 [£100] or [15%] of the budget.
- 3.13 Changes in earmarked reserves shall be approved by Council as part of the budgetary control process.
- 4 Accounts and Audit (internal and external)**
- 4.1 The RFO shall determine the Council's accounting systems, form of accounts and supporting records in accordance with best practice and the requirements of the Accounts and Audit Regulations or any subsequent amending

legislation and any other relevant legislation, appropriate guidance and proper practices.

- 4.2 The Council shall ensure and the RFO shall maintain an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practice. Any officer or member of the Council shall, if the RFO or internal auditor requires, make available such documents of the Council which relate to their accounting and other records as appear to the RFO or internal auditor to be necessary for the purpose of the audit and shall supply the RFO or internal auditor with such information and explanation as the RFO or internal auditor considers necessary for that purpose.
- 4.3 The internal auditor shall be appointed by and shall carry out the work required by the Council in accordance with proper practices.
- 4.4 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
  - has no involvement in the financial decision making, management or control of the Council.
- 4.5 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.
- 4.6 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.
- 4.7 The RFO shall circulate copies of the report to all members of the Council.
- 4.8 The RFO shall ensure the Council's 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. The RFO shall present the accounts and any accompanying report to the Council by 30 June and having certified the accounts shall submit them and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.
- 4.9 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.
- 4.10 The RFO shall ensure that arrangements are made for the annual external audit in accordance with statutory requirements and that the auditor is supplied with all necessary information to carry out the audit.

- 4.11 The RFO shall bring to the attention of the RGS Committee any significant correspondence or report from the auditor (internal or external).
- 4.12 The principles of separation of duties will be observed where possible in respect of financial transactions.
- 4.13 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 RGS Committee.

## **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 RGS Committee, and then by full Council and shall be reviewed regularly for safety and efficiency.
- 5.2 The Council shall operate such bank or other accounts as it considers necessary and appropriate for the efficient conduct of its business. A current account shall be used for the payment of the Council's bills, and cheques and other orders drawn on this account will require the signature of two members from a pool to be determined by the RGS Committee.
  - 5.2.1 Additionally, with regard to the Chip and Pin Banking Facility operated on this account, the Town Clerk and in his/her absence the Deputy Town Clerk & RFO shall be authorised to complete the end of day reconciliations and make refunds on credit and debit card payments where required.
  - 5.2.2 Access to the Internet Banking facility for the NatWest bank accounts shall be restricted to the Town Clerk and the Deputy Town Clerk & RFO.
- 5.3 A second account shall be operated on an imprest basis at a figure to be set and reviewed as necessary by the RGS Committee. This account shall be used primarily for (i) the payment of salaries and related payments and (ii) for payment of small bills or those requiring payment prior to invoice, or for urgent payments. The limit of payments made under (ii) shall be set and reviewed by RGS Committee. Signatories on this account shall be any two people, from the pool as in 5.2 above plus the Town Clerk, Assistant Town Clerk and one other officer.
- 5.4 The operational parameters of any further accounts to be operated by the Council shall be set by the RGS Committee. Accounts which are operated by the Council and on which officers are signatories shall be operated on an imprest basis at a figure to be set and reviewed as necessary by the RGS Committee.
- 5.5 Transfers between any account (except on any accounts on which officers are signatories) and the current account may be affected by officers. A transfer into any accounts on which officers are signatories shall be treated like a cheque on the current account and shall require two member signatures.

- 5.6 Bank statements shall be received on a regular basis and reconciled with the Council's books.
- 5.7 The balance on the current account shall be kept at a minimum level commensurate with ensuring sufficient liquidity to meet the Council's commitments.
- 5.8 Any funds not required to defray immediate expenses shall be held in accounts to maximise interest received, commensurate with accessibility of funds, reliability of institution and need for liquidity.
- 5.9 The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to RGS Committee. The RGS Committee shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the RGS Committee. The approved schedule shall be ruled off and initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. 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.
- 5.10 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.
- 5.11 The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available RGS Committee meeting.
- 5.12 The 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 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 [or finance committee];
  - 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 finance committee]; or
  - c) fund transfers within the councils banking arrangements up to the sum of £100,000, provided that a list of such payments shall be submitted to the next appropriate meeting of RGS Committee.
- 5.13 For each financial year the 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 RGS Committee may authorise payment for the year provided that the requirements of regulation 3.1 (Budgetary Controls) are adhered to, provided



also that a list of such payments shall be submitted to the next appropriate meeting of RGS Committee.

- 5.14 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.
- 5.15 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 £5,000 shall before payment, be subject to ratification by resolution of the council.
- 5.16 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.
- 5.17 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.
- 5.18 Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member.

## **6 Payment of Accounts and instruction for the making of payments**

- 6.1 The council will make safe and efficient arrangements for the making of its payments.
- 6.2 All payments other than petty cash shall be affected by cheque or other instructions drawn on the Council's bankers or otherwise, in accordance with a resolution of RGS Committee.
- 6.3 Accounts for payment shall be checked to ensure they match the official order, that the goods, services or works have been received and are satisfactory and that the account is arithmetically correct. The RFO shall then authorise the account for inclusion on the schedule as in 6.4. Accounts which are in order shall be paid as soon as possible in accordance with the Council's procedures.
- 6.4 A schedule of accounts for payment will be drawn up on a regular basis. Cheques will be written and signed in accordance with the schedule.
- 6.5 Information to support the payments made will be available to the members at the time of signing cheques or orders for payment.
- 6.6 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.
- 6.7 The signatories of the cheques shall sign the schedule to indicate confirmation of the details on the cheque and agreement with the schedule of accounts for payment.
- 6.8 A report of the total of payments made since the last meeting will be made to RGS Committee. The schedules of accounts for payment included in that total

and information to support the payments will be available for inspection at the meeting.

- 6.9 If an urgent payment is necessary, in order to avoid a charge for interest under the Late Payment of Commercial Debts (Interest) Act 1998 or for other urgent reasons, then as long as there is no reason to withhold payment the RFO will take all necessary steps to settle such invoices.
- 6.10 If thought appropriate by the Council, payment of accounts may be made by variable Direct Debit provided that the initial instructions are signed by two members from the pool of authorised cheque signatories and any payments are reported to Council or a committee as made. Use of a variable Direct Debit shall be reviewed on a regular basis and at least every two years.
- 6.11 Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to the RGS Committee shall be signed by two members of Council and countersigned by the Clerk/Deputy Clerk in accordance with a resolution instructing that payment.
- 6.12 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.
- 6.13 Cheques or orders for payment shall not normally be presented for signature other than at a Council or committee meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the RGS Committee at the next convenient meeting.
- 6.14 If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable 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.
- 6.15 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 two members are retained and any payments are reported to Council as made. The approval of the use of a banker's standing order shall be renewed by resolution of the Council at least every two years.
- 6.16 If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, are retained and any payments are reported to Council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the Council at least every two years.
- 6.17 If thought appropriate by the Council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.18 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the Council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and

retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the Council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.

- 6.19 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.
- 6.20 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.
- 6.21 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.
- 6.22 Where internet banking arrangements are made with any bank, the Town Clerk & Deputy Town Clerk & RFO shall be appointed as the Service Administrators. 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 Administrators alone, or by the Service Administrators with a stated number of approvals.
- 6.23 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.
- 6.24 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 of the Clerk [the RFO] [a member]. A programme of regular checks of standing data with suppliers will be followed.
- 6.25 Any Debit Card issued for use will be specifically restricted to the Town Clerk, and RFO, and Services Manager and will also be restricted to a single transaction maximum value of £1500 per card unless authorised by Council or RGS committee in writing before any order is placed.
- 6.26 A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the RGS Committee. Transactions and purchases made will be reported to the RGS Committee and authority for topping-up shall be at the discretion of the RGS Committee.
- 6.27 Any corporate credit card or trade card account opened by the Council will be specifically restricted to use by the Town Clerk, RFO, and Services Manager 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.

## **7 Petty Cash**

- 7.1 A petty cash float up to a limit specified by RGS Committee (currently £150). 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 separate account of the petty cash shall be kept and vouchers supplied to substantiate the payments.
- 7.2 A cheque to maintain the petty cash float shall be drawn on the current account in the normal way.
- 7.3 Cash income must not be paid into the petty cash float other than for insignificant sums received for miscellaneous purposes but must be separately banked, as provided elsewhere in these regulations.
- 7.4 Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to council under 5.9 above

## **8 Payment of Salaries and Other Employee Related Payments**

- 8.1 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.
- 8.2 The Town Clerk or RFO shall make 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 RGS Committee meeting, as set out in these regulations above. The appropriate records shall be maintained and periodic returns made as required by other bodies.
- 8.3 No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Staff Strategy Group.
- 8.4 Payments to employees shall be treated as confidential information. 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.
- 8.5 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.

- 8.6 An effective system of personal performance management should be maintained for the senior officers.
- 8.7 Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.
- 8.8 Before employing interim staff, the Staff Strategy must consider a full business case.

## **9 Loans, Investments and Reserves**

- 9.1 All borrowings including loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 9.2 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 such policy shall be regularly reviewed, at least annually.
- 9.3 All investments of money under the control of the Council shall be in the name of the Council.
- 9.4 All borrowings shall be affected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval and subsequent arrangements shall be approved by the Council or RGS Committee as to terms and purpose.
- 9.5 All investment certificates and other documents relating thereto shall be retained in the custody of the Town Clerk or RFO.
- 9.6 The Council shall maintain such level of general reserves as it considers prudent for the conduct of its business.
- 9.7 The Council may retain such earmarked reserves as it requires to defray the future cost of specific items of expenditure.
- 9.8 Any financial arrangement which does not require formal borrowing approval from the Secretary of State/Welsh Assembly Government (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.
- 9.9 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 (Banking Arrangements and authorisation of payments) and Regulation 6 (Payment of Accounts and Instructions for payments).

## **10 Income**

- 10.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Town Clerk and RFO.

- 10.2 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.
- 10.3 The committees will review all fees and charges annually as part of the process to agree the estimates for the following year. If found necessary, a supplementary review will be carried out at another interval.
- 10.4 Any sums found to irrecoverable and bad debts shall be dealt with in accordance with the Council's Bad Debt Policy, reported to the Council and shall be written off in the year.
- 10.5 All sums received on behalf of the Council shall be banked intact as directed by the RFO except as provided for by 7.3. In all cases, receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 10.6 A means of reference to the origin of each receipt shall be entered on the paying-in slip.
- 10.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 10.8 The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall normally be made quarterly.
- 10.9 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 where relevant, and that appropriate care is taken in the security and safety of individuals banking such cash.
- 11 Orders for Work, Goods and Services**
- 11.1 An official order or letter shall be issued for all goods, services and works supplied to the Council unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 11.2 Order books shall be controlled by the RFO.
- 11.3 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, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 12 below. The officer shall accept the quotation which is, in his opinion, the most satisfactory one. Purchases made through a recognised local authority supplier which has been subject to a prior competitive procedure shall not require additional quotations or estimates.
- 11.4 A member may not issue an official order or make any contract on behalf of the council.
- 11.5 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or

payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

## **12 Contracts**

Procedures as to contracts are laid down as follows:

- 12.1 Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below, or where an exception has been granted under 12.2 below:
- (i) for the supply of gas, electricity, water, sewerage, telephone and like services;
  - (ii) for specialist services such as are provided by legal professionals acting in disputes; 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 additional audit work of the external auditor up to an estimated value of £750 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chairman of the RGS Committee);
  - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- 12.2 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 RGS Committee.
- 12.3 The Public Contracts Regulations 2015
- a. 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>.
  - b. 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).
- 12.4 Where it is intended to enter into a contract exceeding £50,000 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 12.1 the RFO shall invite tenders from at least three firms to be taken from the appropriate approved list or in response to public advertisement.
- 12.5 Such invitation to tender shall state the general nature of the intended contract and the RFO shall obtain the necessary technical assistance to prepare a

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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

specification in appropriate cases. The invitation shall in addition state the name and address of the person to whom tenders must be addressed and the last date and time by which those tenders should reach that person in the ordinary course of post, and that the tender should be enclosed in a plain sealed envelope bearing the word "Tender" and the title of the contract but no name or mark indicating the sender. The sealed envelopes shall remain sealed until the prescribed date and time for opening tenders for that contract.

- 12.6 All sealed tenders shall be opened at the same time on the prescribed date by the Town Clerk in the presence of at least one member of the Council. A record of all tenders received shall be maintained. Subject to 12.6 and 12.9 below, the officer(s) and/or member(s) authorised to make the decision shall accept the tender which is, in their opinion, the most satisfactory one.
- 12.7 If less than three tenders are received for contracts above £50,000 or if all the tenders are identical or otherwise unsatisfactory the Council may make such arrangements as it thinks fit for procuring the goods, materials or services or executing the works.
- 12.8 Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Order 31 as if the person making the tender were a candidate for appointment and shall refer to the terms of the Bribery Act 2010.
- 12.9 When the Council is to enter into a contract less than £50,000 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 12.1 the RFO shall obtain three quotations (priced descriptions of the proposed supply); where the value is below £10,000 and above £2,000 the RFO shall strive to obtain three estimates. Otherwise, Regulation 11.3 above shall apply.
- 12.10 The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 12.11 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.
- 13 Payments under contracts for building or other construction works**
- 13.1 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).
- 13.2 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 by 5% or more a report shall be submitted to the relevant committee.
- 13.3 Any significant variation or addition to or omission from a contract must be approved by the relevant committee and the approval given to the contractor in writing, the committee being informed where the final cost is likely to exceed the



financial provision. Approval to all variations, additions or omissions must be given to the contractor in writing.

#### **14 Stores and Equipment**

- 14.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 14.2 Delivery Notes should 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.
- 14.3 Stocks shall be kept at the minimum levels consistent with operational requirements and shall be checked periodically by the responsible person.
- 14.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

#### **15 Assets, Properties and Estates**

- 15.1 The Town Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held or owned by the Council. The RFO shall ensure a record is maintained of the details of all properties held or owned 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.
- 15.2 No tangible moveable property shall be purchased, sold, leased or otherwise disposed of without the authority of the RGS 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.
- 15.3 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).
- 15.4 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).
- 15.5 Subject only to the limit set in Regulation 15.2 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.
- 15.6 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.

## **16 Risk Management**

- 16.1 The Council is responsible for putting in place arrangements for the management of risk. 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 regularly reviewed by the Council, at least annually.
- 16.2 When considering any new activity, the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## **17 Insurance**

- 17.1 Following the annual risk assessment (as per Financial Regulation 16), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 17.2 The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and review it annually, reporting the review to RGS Committee.
- 17.3 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the RGS Committee.
- 17.4 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 the RGS Committee at the next available meeting.
- 17.5 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 Council, or duly delegated committee.

## **18 Suspension and Revision of Financial Regulations**

- 18.1 It shall be the duty of the RGS Committee to review the Financial Regulations from time to time and recommend any revisions to the Council. The RFO 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.
- 18.2 The RGS Committee may, by resolution of the RGS Committee duly notified prior to the relevant meeting of the RGS Committee, 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 the RGS Committee. Such suspensions must be subsequently approved by Council.