



# FINANCIAL REGULATIONS

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(based on NALC model Financial Regulations 2019 and  
updated for NALC model Financial Regulations 2024)

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These Financial Regulations were adopted by the council at its meeting held on 15 October 2025

## 1. General

- 1.1. These Financial Regulations govern the financial management of the Council and may only be amended or varied by resolution of the Council. They are one of the council's governing documents and shall be observed in conjunction with the Council's Standing Orders and to any individual financial regulations relating to contracts.
- 1.2. Councillors are expected to follow these regulations and not to entice employees to breach them. Failure to follow these regulations brings the office of Councillor into disrepute.
- 1.3. Deliberate or wilful breach of these regulations by an employee may result in disciplinary proceedings.
- 1.4. In these Financial Regulations:
  - 'Accounts and Audit Regulations' means the regulations issued under Sections 32, 43(2) and 46 of the Local Audit and Accountability Act 2014, or any superseding legislation, and then in force, unless otherwise specified.
  - "Approve" refers to an online action, allowing an electronic transaction to take place.
  - "Authorise" refers to a decision by the Council, or a Committee or an officer, to allow something to happen.
  - 'Proper practices' means those set out in *The Practitioners' Guide*
  - *Practitioners' Guide* refers to the guide issued by the Joint Panel on Accountability and Governance (JPAG) and published by NALC in England or Governance and Accountability for Local Councils in Wales – A Practitioners Guide jointly published by One Voice Wales and the Society of Local Council Clerks in Wales.
  - 'Must' and **bold text** refer to a statutory obligation the council cannot change.
  - 'Shall' refers to a non-statutory instruction by the council to its members and staff.
- 1.5. The Responsible Financial Officer (RFO) holds a statutory office, appointed by the Council. If the Clerk has been appointed as RFO and these regulations will apply accordingly. The RFO
  - acts under the policy direction of the RGS Committee and 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 control systems;
  - ensures the accounting control systems are observed;
  - ensures the accounting records are kept up to date, in accordance with proper practices
  - seeks economy, efficiency and effectiveness in the use of council resources; and
  - produces financial management information as required by the council.
- 1.6. **The Council must not delegate any decision regarding:**
  - **setting the final budget or the precept (council tax requirement);**
  - **the outcome of a review of the effectiveness of its internal controls**

- **approving accounting statements;**
- **approving an annual governance statement;**
- **borrowing;**
- **writing off bad debts;**
- **declaring eligibility for the General Power of Competence; and**
- **addressing recommendations from the internal or external auditors and should be a matter for full Council only**

1.7. In addition, the Council shall:

- determine and regularly review the bank mandate for all council bank accounts;
- authorise any grant or single commitment in excess of £5,000; and

## 2. **Risk management and internal control**

2.1. **The Council must ensure (and is responsible in law) that it has a sound system of internal control, which delivers effective financial, operational and risk management.**

2.2. The Town Clerk with the RFO shall prepare, for approval by the Council, a risk management policy covering all activities of the Council. This policy and consequential risk management arrangements shall be reviewed by the Council at least annually.

2.3. The RFO holds a statutory office to be appointed by the Council. References to the RFO in the Financial Regulations in respect of specific duties (rather than overall responsibilities) shall be taken as extending to “other delegated officer”.

2.4. When considering any new activity, the Town Clerk with the RFO shall prepare a draft risk assessment including risk management proposals for consideration by the Council.

2.5. **At least once a year, the Council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement., which shall be in accordance with proper practices.**

2.6. **The accounting control systems determined by the RFO must include measures to:**

- **ensure that risk is appropriately managed;**
- **ensure the prompt, accurate recording of financial transactions; as soon as reasonably practicable and as accurately and reasonably as possible**
- **prevent and detect inaccuracy or fraud; and**
- **allow the reconstitution of any lost records;**
- **identify the duties of officers dealing with transactions and**
- **ensure division of responsibilities of those officers in relation to significant transactions;**

- **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;**
  - **ensure the timely production of accounts**
  - **provide for the safe and efficient safeguarding of public money.**
- 2.7 At least once in each quarter, and at each financial year end, a member other than the Chair or a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the RGS Committee.
- 2.8. Regular back-up copies shall be made of the records on any council computer and stored either online or in a separate location from the computer. The council shall put measures in place to ensure that the ability to access any council computer is not lost if an employee leaves or is incapacitated for any reason.
3. **Accounts and audit (internal and external)**
- 3.1. All accounting procedures, financial records, accounting systems, form of accounts and supporting records of the council shall be determined by the RFO in accordance best practice and in accordance with the Accounts and Audit Regulations or any subsequent amending legislation, appropriate guidance and proper practices.
- 3.2. **The accounting records determined by the RFO must be sufficient to explain the Council's transactions (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) and to disclose its financial position with reasonably accuracy at any time. In particular, they must contain:**
- **day-to-day entries of all sums of money received and expended by the Council and the matters to which they 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**
- 3.3. The accounting records shall be designed to facilitate the efficient preparation of the accounting statements in the Annual Governance and Accountability Return. (AGAR)
- 3.4. The RFO shall complete and certify the annual Accounting Statements of the council contained in the AGAR in accordance with proper practices, as soon as practicable after the end of the financial year. Having certified the Accounting Statements, the RFO shall submit them (with any related documents) to the council, by 30 June and within the timescales required by the Accounts and Audit Regulations.
- 3.5. **The council must ensure that there is an adequate and effective system of internal audit of its accounting records financial and other operations and internal control system in accordance with proper practices.**

- 3.6. **Any officer or member of the council must make available such documents and records as the internal or external auditor consider 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, RFO or auditor considers necessary.
- 3.7. The internal auditor shall be appointed by the Council / Resources and General Services Committee and shall carry out their work to evaluate the effectiveness of the Council's risk management, control and governance processes in accordance with proper practices specified in the Practitioners' Guide and as required by the Council in accordance with proper practices.
- 3.8. **The Council** shall ensure that the internal auditor:
- is competent and independent of the financial operations of the Council;
  - reports to Council in writing, or in person, on a regular basis with a minimum of one written report during each financial year;
  - can demonstrate competence, objectivity and independence, 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
- 3.9. Internal or external auditors may not under any circumstances:
- perform any operational duties for the Council;
  - initiate or approve accounting transactions;
  - provide financial, legal or other advice including in relation to any future 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.
- 3.10. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as **described in The Practitioners Guide** and proper practices.
- 3.11. 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 documents required by the Local Audit and Accountability Act 2014, or any superseding legislation, and the Accounts and Audit Regulations.
- 3.12. The RFO shall, without undue delay, bring to the attention of all Councillors and circulate any correspondence or report from internal or external auditors.
- 3.13. The principles of separation of duties will be observed where possible in respect of financial transactions.
- 3.14. 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 documents) as evidence of verification. This activity shall on conclusion be reported including any exceptions, to and noted by the RGS Committee.

#### 4. Annual Budget, Precept and Forward Planning.

- 4.1. **Before setting a precept, the Council must calculate its council tax requirement for each financial year by preparing and approving a budget, in accordance with The Local Government Finance Act 1992 or succeeding legislation.**
- 4.2. Budgets for salaries and wages, including employer contributions shall be reviewed by the council at least annually in autumn for the following financial year and the final version shall be evidenced by a hard copy schedule signed by the Town Clerk and the Chair of the Council or relevant committee. The RFO will inform committees of any salary implications before they consider their draft their budgets.
- 4.3. 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 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.
- 4.4. 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.
- 4.5. The Council shall consider annual budget proposals in relation the Council' three year forecast of revenue and capital receipts and payments including recommendations for the use of reserve and sources of funding, **taking account of the lifespan of assets and cost implications of repair or replacement** and update the forecast accordingly.
- 4.6. 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.
- 4.7. Once agreed, the estimates (approved annual budget) become the committees' budgets for the following year and form the basis of subsequent financial control.
- 4.8. Unspent budgets for completed projects shall not be carried forward to a subsequent year. Unspent funds for partially completed projects may only be carried forward (by placing them in an earmarked reserve) with the formal approval of the full Council.
- 4.9. The draft budget with any committee proposals and three-year forecast, including any recommendations for the use or accumulation of reserves, shall be considered by the RGS Committee and a recommendation made to the Council.

- 4.10. Having considered the proposed budget and three-year forecast, the council shall determine its council tax requirement by setting a budget. The Council shall set a precept for this amount no later than the end of January for the ensuing financial year.
- 4.11. **Any member with council tax unpaid for more than two months is prohibited from voting on the budget or precept by Section 106 of the Local Government Finance Act 1992 and must and must disclose at the start of the meeting that Section 106 applies to them.**
- 4.12. The RFO shall **issue the precept to the billing authority no later than the end of January** and supply each member with a copy of the agreed annual budget.
- 4.13. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.
- 4.14. Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the council or relevant committee.

#### **5. Budgetary Control, Monitoring and authority to spend**

- 5.1. Expenditure on revenue items may be incurred up to the amounts included in each approved committee budget for that class of expenditure.
- 5.2. 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.
- 5.3. 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.
- 5.4. 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.
- 5.5. 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.
- 5.6. 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.

- 5.7. 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.
- 5.8. Unspent provisions in the budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve.
- 5.9. The salary budgets are to be reviewed at least annually in October/November 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.
- 5.10. 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.
- 5.11. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 5.12. 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.
- 5.13. Changes in earmarked reserves shall be approved by Council as part of the budgetary control process.

## 6. Procurement

- 6.1. **Members and officers are responsible for obtaining value for money at all times.** Any officer procuring goods, services or works should ensure, as far as practicable, that the best available terms are obtained, usually by obtaining prices **from several suppliers**. The officer shall accept the quotation which is, in his opinion, the most satisfactory one.
- 6.2. A member may not issue an official order or make any contract on behalf of the Council.
- 6.3. The RFO should verify the lawful nature of any proposed purchase before it is made and in the case of new or infrequent purchases, should ensure that the **legal power** being used is reported to the meeting at which the order is authorised and also recorded in the minutes.
- 6.4. Every contract shall comply with these the council's Standing Orders and these Financial Regulations, and no exceptions shall be made, except in an emergency.
- 6.5. **For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Public Contracts Regulations 2015 or any superseding legislation ("the**

**Legislation”), must be followed in respect of the tendering, award and notification of that contract.**

- 6.6. Where the estimated value is below the Government threshold, the council shall (with the exception of items listed in paragraph 5-12) obtain prices as follows:
- 6.7. For contracts estimated to exceed £60,000 including VAT, the Clerk shall seek formal tenders from at least three suppliers agreed by the Council advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation. Tenders shall be invited in accordance with Appendix 1.
- 6.8. **For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation<sup>1</sup> regarding the advertising of contract opportunities and the publication of notices about the award of contracts.**
- 6.9. For contracts greater than £10,000 excluding VAT the Town Clerk/RFO shall seek at least 3 fixed price quotes;
- 6.10. where the value is between £2,000 and below £10,000 excluding VAT, the Town Clerk /or RFO shall try to obtain 3 estimates which might include evidence of online prices, or recent prices from regular suppliers.
- 6.11. For smaller purchases, the Clerk/RFO shall seek to achieve value for money.
- 6.12. **Contracts must not be split into smaller lots to avoid compliance with these rules.**
- 6.13. The requirement to obtain competitive prices in these regulations need not apply to contracts that relate to items (i) to (v) below:
- i. specialist services, such as legal professionals acting in disputes;
  - ii. repairs to, or parts for, existing machinery or equipment;
  - iii. works, goods or services that constitute an extension of an existing contract;
  - iv. goods or services that are only available from one supplier or are sold at a fixed price.
  - v. for additional audit work of the external auditor up to an estimated value of £1,000 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chairman of the RGS Committee).
- 6.14. When applications are made to waive this financial regulation to enable a price to be negotiated without competition, the reason should be set out in a recommendation to the council or Resources and General Services Committee. Avoidance of competition is not a valid reason.
- 6.15. Individual purchases within an agreed budget for that type of expenditure may be authorised by:
- the Clerk/RFO under delegated authority, for any items below £2,000 excluding VAT.
  - the Clerk, in consultation with the Chair of the Council {or Chair of the appropriate committee}, for any items below £2,500 excluding VAT.

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<sup>1</sup> The Regulations require councils to use the Contracts Finder website if they advertise contract opportunities and also to publicise the award of contracts over £30,000 including VAT, regardless of whether they were advertised.

- a duly delegated committee of the council for all items of expenditure within their delegated budgets for items under £5,000 excluding VAT}
- in respect of grants, a duly authorised committee within any limits set by council and in accordance with any policy statement agreed by the council.
- the council for all items over £5,000;

Such authorisation must be supported by a minute (in the case of Council or Committee decisions) or other auditable evidence trail.

- 6.16. No individual member, or informal group of members may issue an official order unless instructed to do so in advance by a resolution of the council or make any contract on behalf of the council.
- 6.17. No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of the council or a duly delegated committee acting within its Terms of Reference except in an emergency.
- 6.18. In cases of serious risk to the delivery of council services or to public safety on council premises, the Town Clerk / RFO may authorise expenditure of up to **£5,000** excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. Any 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 the Resources and General Services 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.
- 6.19. No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless the Council is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first.
- 6.20. An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained, along with evidence of receipt of goods.
- 6.21. Any ordering system can be misused and access to them shall be controlled by the RFO.
- 6.22. 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 5.22 below:
- for the supply of gas, electricity, water, sewerage, telephone and like services;
  - for specialist services such as are provided by legal professionals acting in disputes; solicitors, accountants, surveyors and planning consultants;
  - for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery equipment or plant;
  - for work to be executed or goods or material supplied which constitute an extension of an existing contract by the Council

- v. for additional work of the external auditor up to an estimated value of £1,000 (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 sold only at a fixed price.
- 6.23. 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.

## 7. **Banking and authorisation of payments**

- 7.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and authorised by the **Resources and General Services Committee, and then by Full Council**. The arrangements shall be reviewed regularly for security and efficiency.
- 7.2. The council must have safe and efficient arrangements for making payments, to safeguard against the possibility of fraud or error. Wherever possible, more than one person should be involved in any payment, for example by dual online authorisation or dual cheque signing. Even where a purchase has been authorised, the payment must also be authorised, and only authorised payments shall be approved or signed to allow the funds to leave the council's bank.
- 7.3. All invoices for payment should be examined for arithmetical accuracy, analysed to the appropriate expenditure heading and verified to confirm that the work, goods or services were received, checked and represent expenditure previously authorised by the council before being certified by the RFO. Where the certification of invoices is done as a batch, this shall include a statement by the RFO that all invoices listed have been 'examined, verified and certified' by the RFO.
- 7.4. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of employment) may be summarised to avoid disclosing any personal information.
- 7.5. All payments shall be made by online banking/cheque, in accordance with a resolution of the Resources and General Services Committee, unless the council resolves to use a different payment method.
- 7.6. For each financial year the RFO may draw up a schedule of regular payments due in relation to a continuing contract or obligation (such as Salaries, PAYE, National Insurance, pension contributions, rent, rates, regular maintenance contracts and similar items), which the Resources and General Services Committee may authorise in advance for the year.
- 7.7. A copy of this schedule of regular payments shall be signed by two members on each and every occasion when payment is made to reduce the risk of duplicate payments.
- 7.8. A list of such payments shall be reported to the next appropriate meeting of the Resources and General Services Committee for information only.
- 7.9. The Town Clerk and RFO shall have delegated authority to authorise payments {only} in the following circumstances:

- i. {any payments of up to £1,500 excluding VAT, within an agreed budget}.
- ii. payments of up to £5,000 excluding VAT in cases of serious risk to the delivery of council services or to public safety on council premises.
- iii. any payment necessary to avoid a charge under the Late Payment of Commercial Debts (Interest) Act 1998 {or to comply with contractual terms}, where the due date for payment is before the next scheduled meeting of [the 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 the Resources and General Services Committee.
- iv. 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 the Resources and General Services Committee.

7.10. The RFO shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting, together with the relevant invoices, to the council or. The Council or Resources and General Services Committee. shall review the schedule for compliance and, having satisfied itself, shall authorise payment by resolution. The authorised schedule shall be initialled immediately below the last item by the person chairing the meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of that meeting.

7.11. 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.

7.12. 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.

7.13. Access to the Internet Banking facility for the NatWest bank accounts and/or Unity banks accounts or any other nominated bank Accounts agreed by the RGS Committee shall be restricted to the Town Clerk, RFO and Town Council members as designated, from time to time, by the RGS Committee.

7.14. 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, RFO and Deputy Town Clerk.

7.15. 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.

- 7.16. 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.
- 7.17. Bank statements shall be received on a regular basis and reconciled with the Council's books.
- 7.18. The balance on the current account shall be kept at a minimum level commensurate with ensuring sufficient liquidity to meet the Council's commitments.
- 7.19. 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.
- 7.20. 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 7.21 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.
- 7.21. 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.
- 7.22. A record of regular payments made under 7.21 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.
- 7.23. 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.
- 7.24. 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.

- 7.25. 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.
- 7.26. Information to support the payments made will be available to the members at the time of signing cheques or orders for payment.
- 7.27. 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.
- 7.28. 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.
- 7.29. 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.
- 7.30. 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.
- 7.31. 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 RFO / Clerk/Deputy Clerk in accordance with a resolution instructing that payment.
- 7.32. 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.
- 7.33. 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.
- 7.34. 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.
- 7.35. 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.
- 7.36. 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.

- 7.37. 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.
- 7.38. 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.
- 7.39. 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.
- 7.40. 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.

## **8. Electronic payments**

- 8.1. 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 agreed by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process. The Town Clerk may be an authorised signatory, but no signatory should be involved in approving any payment to themselves.
- 8.2. All authorised signatories shall have access to view the council's bank accounts online.
- 8.3. No employee or Councillor shall disclose any PIN or password, relevant to the Council or its banking, to anyone not authorised in writing by the Council or a duly delegated committee.
- 8.4. The Service Administrators shall set up all items due for payment online. A list of payments for approval, together with copies of the relevant invoices, shall be sent by email to two authorised signatories.
- 8.5. In the prolonged absence of the Service Administrator an authorised signatory shall set up any payments due before the return of the Service Administrator.
- 8.6. Two Councillors who are authorised signatories shall check the payment details against the invoices before approving each payment using the online banking system.
- 8.7. Evidence shall be retained showing which members approved the payment online and a printout of the transaction confirming that the payment has been made shall be appended to the invoice for audit purposes.
- 8.8. A full list of all payments made in a month shall be provided to the next Resources and General Services Committee.
- 8.9. With the approval of the Resources and General Services Committee in each case, regular payments (such as gas, electricity, telephone, broadband, water, National Non-

Domestic Rates, refuse collection, pension contributions and HMRC payments) may be made by variable direct debit, provided that the instructions are signed/approved online by two authorised members. The approval of the use of each variable direct debit shall be reviewed by the Resources and General Services Committee annually. at least every two years.

- 8.10. Payment may be made by BACS or CHAPS by resolution of the Council provided that each payment is approved online by two authorised bank signatories, evidence is retained and any payments are reported to the Resources and General Services Committee at the next meeting. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 8.11. If thought appropriate by the Council, regular payments of fixed sums may be made by banker's standing order, provided that the instructions are signed or approved online by two members, evidence of this is retained and any payments are reported to Council when made. The approval of the use of a banker's standing order shall be reviewed by the Council at least every two years.
- 8.12. Account details for suppliers may only be changed upon written notification by the supplier verified by two of the Clerk and the RFO and -member. This is a potential area for fraud and the individuals involved should ensure that any change is genuine. Data held should be checked with suppliers regularly.
- 8.13. Members and officers shall ensure that any computer used for the council's financial business has adequate security, with anti-virus, anti-spyware and firewall software installed and regularly updated.
- 8.14. Remembered password facilities other than secure password stores requiring separate identity verification should not be used on any computer used for council banking.

## **9. Cheque payments *MAY BE OBSOLETE SOON***

- 9.1. Cheques or orders for payment in accordance with a resolution or delegated decision shall be signed by two members and countersigned by the Town Clerk/ RFO.
- 9.2. A signatory having a family or business relationship with the beneficiary of a payment shall not, under normal circumstances, be a signatory to that payment.
- 9.3. To indicate agreement of the details on the cheque with the counterfoil and the invoice or similar documentation, the signatories shall also initial the cheque counterfoil and invoice.
- 9.4. Cheques or orders for payment shall not normally be presented for signature other than at, or immediately before or after a Council or Committee} meeting}. Any signatures obtained away from Council meetings shall be reported to the Resources and General Services Committee at the next convenient meeting.

## **10. Payment cards**

- 10.1. Any Debit Card issued for use will be specifically restricted to the Town Clerk, the RFO and the Services Manager and will also be restricted to a single transaction maximum value of £2,000 unless authorised by Council or Resources and General Services Committee in writing before any order is placed.
- 10.2. A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the Resources and General Services Committee. Transactions and purchases

made will be reported to the Resources and General Services Committee and authority for topping-up shall be at the discretion of the Resources and General Services Committee.

- 10.3. 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 any balance shall be paid in full each month.
- 10.4. Personal credit or debit cards of members or staff shall not be used under any circumstances. OR in exceptional circumstances, except for expenses of up to £250 including VAT, incurred in accordance with council policy.

## 11. Petty Cash

- 11.1. The RFO shall maintain a petty cash float up to a limit specified by the RGS Committee (currently £150) and may provide petty cash to officers for the purpose of defraying operational and other expenses.
- a) Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement from petty cash and shall be kept, along with receipts to substantiate every payment. A separate account of the petty cash shall be kept. and vouchers supplied to substantiate the payments
  - b) A cheque to maintain the petty cash float shall be drawn on the current /account in the normal way
  - c) Cash income received 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.
  - d) Payments to maintain the petty cash float shall be shown separately on any schedule of payments presented for approval to the RGS Committee.

## 12. Payment of salaries and allowances

- 12.1. **As an employer, the council must make arrangements to comply with the statutory requirements of 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 scales shall be as agreed by Council, or duly delegated committee.**
- 12.2. **Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.**
- 12.3. Salary rates shall be agreed by the Council, or a duly delegated Committee. No changes shall be made to any employee's gross pay, emoluments, or terms and conditions of employment without the prior consent of the Staff & Strategy Group or Council.
- 12.4. Payment of salaries shall be made, by the Town clerk or RFO after deduction of tax, national insurance, pension contributions and any similar statutory or discretionary deductions, be made in accordance with the payroll records and on the 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 as required by other bodies.
- 12.5. Deductions from salary shall be paid to the relevant bodies within the required timescales, provided that each payment is reported, as set out in these regulations above.
- 12.6. Each payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a payroll control account or other

separate confidential record, with the total of such payments each calendar month reported in the cashbook.–Payroll reports will be reviewed by RGS committee to ensure that the correct payments have been made. 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 the Audit Commission Act 1998, or any superseding legislation.

12.7. The total of such payments in each calendar month shall be reported with all other payments as made as may be requires under these–Financial Regulations, to ensure that only payments due for the period have actually been paid.

12.8. An effective system of personal performance management should be maintained for the senior officers.

12.9. Any termination payments shall be supported by a clear business case and a report to the Council, setting out a clear business case. Termination payments shall only be authorised by the full Council.

12.10. Before employing interim staff, the Council and /or Staff & Strategy Group must consider a full business case.

### **13. Loans, Investments and Reserves**

13.1. Any application for Government approval to borrow money and subsequent arrangements for a loan must be authorised by the full Council and recorded in the minutes. All borrowing shall be in the name of the Council, after obtaining any necessary approval. Any application for borrowing approval and subsequent arrangements shall be approved by the Council or RGS Committee as to terms and purpose.

13.2. 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.

13.3. Any financial arrangement which does not require formal borrowing approval from the Secretary of State] (such as Hire Purchase, Leasing of tangible assets or loans to be repaid within the financial year) must be authorised by the full Council, following a written report on the value for money of the proposed transaction.

13.4. The Council shall consider the requirement for an Investment Strategy and Policy in accordance with Statutory Guidance on Local Government Investments , which must written be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually.

13.5. All investment of money under the control of the Council shall be in the name of the Council.

13.6. All investment certificates and other documents relating thereto shall be retained in the custody of the Town Clerk or RFO.

13.7. Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, shall be made in accordance with these regulations.

13.8. The Council shall maintain such level of general reserves as it considers prudent for the conduct of its business. See separate Town Council General Reserves Policy.

13.9. The Council may retain such earmarked reserves as it requires to defray the future cost of specific items of expenditure.

#### **14. Income**

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

14.2. The Council will review all fees and charges for work done, services provided, or goods sold at least annually as part of the budget-setting process, following a report of the Town Clerk. and/or RFO. The RFO shall be responsible for the collection of all amounts due to the Council.

14.3. The Committees will review all fees and charges annually as part of the process to agree the budgets for the following year. If found necessary, a supplementary review will be carried out at another interval.

14.4. Any sums found to be irrecoverable and any bad debts shall be dealt with in accordance with the Council' Bad Debt Policy, reported to the Council by the RFO and shall be written off in the year. The Council's approval shall be shown in the accounting records.

14.5. All sums received on behalf of the Council shall be deposited intact with the Council's bankers, with such frequency as the RFO considers necessary. The origin of each receipt shall clearly be recorded on the paying-in slip or other record.

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

14.7. The RFO shall ensure that VAT is correctly recorded in the Council's accounting software and that any VAT Return required is submitted promptly from the software by the due date. Any repayment claim under section 33 of the VAT Act 1994 shall be made quarterly.

14.8. Where significant sums of cash are regularly received by the Council, the RFO shall 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 record such as ticket issues, where relevant and that appropriate care is taken for the security and safety of individuals banking such cash.

14.9. Any income that 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.

#### **15. Orders for Works, Goods and Services**

15.34. 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.

15.35. Order books shall be controlled by the RFO.

15.36. 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.

15.37. A member may not issue an official order or make any contract on behalf of the council.

15.38. 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.

#### **16. Payments under contracts for building or other construction works**

16.1. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments, which shall be made within the time specified in the contract based on signed certificates from the architect or other consultant engaged to supervise the works (subject to any percentage withholding as may be agreed in the particular contract).

16.2. Any significant variation of, addition to or omission from a contract must be authorised by the Town Clerk and/or RFO to the contractor in writing, with the Council being informed where the final cost is likely to exceed the contract sum by 5% or more, or likely to exceed the budget available.

#### **17. Stores and equipment**

17.1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.

17.2. 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.

17.3. Stocks shall be kept at the minimum levels consistent with operational requirements and shall be checked periodically by the responsible person.

17.4. The RFO shall be responsible for periodic checks of stocks and stores, at least annually.

#### **18. Assets, properties and estates**

18.1. The Town Clerk shall make arrangements for the safe custody of all title deeds and Land Registry Certificates of properties held by the Council.

18.2. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date, with a record of all properties held by the Council, their 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.

- 18.3. 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.
- 18.4. No real property/interest in land shall be purchased or otherwise acquired, sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law. In each case a written report 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 where required by law).
- 18.5. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Council /RGS Committee, together with any other consents required by law, except where the estimated value of any one item does not exceed **£1,000**. In each case a written report shall be provided to council with a full business case.

## **19. Insurance**

- 19.1. Following the annual risk assessment the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 19.2. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered, reviewing these annually, before the renewal date in conjunction with the council's review of risk management and report the review to the RGS Committee.
- 19.3. The Town Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 19.4. The RFO shall be notified of any loss, liability, damage or event likely to lead to a claim, and shall report these to the RGS Committee at the next available meeting. The RFO shall negotiate all claims on the council's insurers in consultation with the Town Clerk.
- 19.5. 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 delegated RGS committee.

## **20. Charities**

- 20.1. 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.

## **21. Suspension and revision of Financial Regulations**

- 21.1. The RGS Committee shall review these Financial Regulations annually and following any change of the Clerk or RFO and from time to time recommend any revisions to Council. The Town Clerk / RFO shall monitor changes in legislation or proper practices and advise the Council of any need to amend these Financial Regulations.
- 21.2. The Council may, by resolution duly notified prior to the relevant meeting of the 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

presented in advance to all members of the RGS Committee. Such suspensions must be subsequently approved by Council. Suspension does not disapply any legislation or permit the council to act unlawfully.

21.3. The Council may temporarily amend these Financial Regulations by a duly notified resolution, to cope with periods of absence, local government reorganisation, national restrictions or other exceptional circumstances.

## **Appendix 1 - Tender process**

- 1) Any invitation to tender shall state the general nature of the intended contract and the Town Clerk/RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases.
- 2) The invitation shall in addition state that tenders must be addressed to the Town Clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the council.
- 3) Where a postal process is used, each tendering firm shall submit in 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. 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 Council. 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.
- 4) Where an electronic tendering process is used, the council shall use a specific email address that will be monitored to ensure that nobody accesses any tender before the expiry of the deadline for submission.
- 5) Any invitation to tender issued under this regulation shall be subject to Standing Order [insert reference of the council's relevant standing order] and shall refer to the terms of the Bribery Act 2010.
- 6) Where 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, 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.
- 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.
- 8) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.