



## DISS TOWN COUNCIL

# Financial Regulations

These Financial Regulations to be adopted by the Council at its Meeting held on 6<sup>th</sup> March 2024

**These Financial Regulations are based on the NALC Model Regulations (2019) and were adopted by Council at its meeting held on 13<sup>th</sup> March 2024**

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## 1. GENERAL

- 1.1. These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. Financial regulations are one of the Council's three governing policy documents<sup>1</sup> providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the Council's standing orders.
- 1.2. The Council is responsible in law for ensuring that its financial management is adequate and effective, and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.
- 1.3. The Council's accounting control systems must include measures:
  - for the timely production of accounts;
  - that provide for the safe and efficient safeguarding of public money;
  - to prevent and detect inaccuracy and fraud; and
  - identifying the duties of officers.
- 1.4. These financial regulations demonstrate how the Council meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Governance Statement, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 1.7. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute.
- 1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council.
- 1.9. The RFO;
  - acts under the policy direction of the Council;
  - administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices;
  - determines on behalf of the Council its accounting records and accounting control systems;
  - ensures the accounting control systems are observed;
  - maintains the accounting records of the Council up to date in accordance with proper practices;
  - assists the Council to secure economy, efficiency and effectiveness in the use of its resources; and
  - produces financial management information as required by the Council.
- 1.10. The accounting records determined by the RFO shall be sufficient to show and explain the Council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the Council from

time to time comply with the Accounts and Audit Regulations<sup>1</sup> and the Audit and Accountability Act.

- 1.11. The accounting records determined by the RFO shall in particular contain:
- entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate;
  - a record of the assets and liabilities of the Council; and
  - wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.12. The accounting control systems determined by the RFO shall include procedures to:
- ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
  - enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
  - identify the duties of officers dealing with financial transactions and division of responsibilities of those officers.
  - 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 Executive Committee and RFO and that the approvals are shown in the accounting records;
  - measures to ensure that risk is properly managed
- 1.13. The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:
- setting the final budget or the precept (Council Tax Requirement);
  - approving accounting statements;
  - approving an annual governance statement;
  - borrowing;
  - writing off bad debts;
  - declaring eligibility for the General Power of Competence; and
  - addressing recommendations in any report from the internal or external auditors, shall be a matter for the full Council only.
- 1.14. In addition, the Council must:
- determine and keep under regular review the bank mandate for all Council bank accounts;
  - approve any grant or a single commitment in excess of £10,000 or existing committee budget; and
  - In respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee (Executive) in accordance with its terms of reference.
- 1.15. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

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<sup>1</sup> Accounts and Audit (England) Regulations 2015

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 National Association of Local Councils (NALC) and the Society for Local Council Clerks (SLCC).

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

- 2.1. All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations 2015, appropriate Guidance and proper practices.
- 2.2. On a quarterly basis and at each financial year end, the RFO shall check all bank reconciliations and a member of the Executive Committee other than the Chairman of the Executive Committee shall be appointed as the Internal Controls Councillor (ICC) to verify bank reconciliations produced by the Finance Officer. The ICC member shall sign the reconciliations and the original bank statements as evidence of checks and verification. This activity shall on conclusion be reported, including any exceptions to the Executive Committee.
- 2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the Council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.
- 2.4. The Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the Council shall make available such documents and records as appear to the Council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Council considers necessary for that purpose.
- 2.5. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices.
- 2.6. The internal auditor shall:
  - be competent and independent of the financial operations of the Council;
  - report to Council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
  - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
  - have no involvement in the financial decision making, management or control of the Council.
- 2.7. Internal or external auditors may not under any circumstances:
  - perform any operational duties for the Council;
  - initiate or approve accounting transactions; or
  - direct the activities of any Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.8. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.

- 2.9. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.10. The RFO will adhere to Diss Town Councils Internal Audit Plan at all times.
- 2.11. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal and external auditors.

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

**The RFO shall bring to the attention of all Councillors, at the next meeting of the Full Council, any report from internal or external auditors**

- 3.1. Each committee shall review its three year forecast of revenue and capital income and expenditure. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the Council not later than the **middle of November** each year including any proposals for revising the forecast.
- 3.2. The RFO must each year, by no later than **November**, prepare detailed estimates of all income and expenditure including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Executive Committee and the Council.
- 3.3. The Council shall consider annual budget proposals in relation to the Council's three year forecast of revenue and capital income and expenditure including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.4. 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 or the date specified by the billing authority whichever is the earlier. The RFO shall issue the precept to the billing authority and shall make a copy of the approved annual budget available to each member and upload to the Council's website as soon as possible thereafter.
- 3.5. The approved annual budget shall form the basis of financial control for the ensuing year.
- 3.6. The RFO shall aim to maintain a minimum reserve amount equivalent to six months' gross expenditure. This level shall be reviewed regularly to consider known capital projects which may impact on levels of reserves and cash flow during the year.<sup>2</sup>

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

- 4.1. Expenditure on revenue items outside the normal day to day operations of the Council may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:
  - i) Full Council for all items over £10,000;
  - ii) a duly delegated committee of the Council for items over £2,500; or
  - iii) the Clerk, in conjunction with the Chairman of the appropriate committee, for any items below £2,500. (Emergency situations only)

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

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<sup>2</sup> Investment and Financial Reserves Policies

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

- 4.2. **No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Council, or duly delegated committee. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').**
- 4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to reduce the budget of a subsequent year. Unspent budgets for uncompleted capital projects may be carried forward following approval of the Executive Committee.
- 4.4. The salary budgets are to be reviewed at least annually in November for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Chairman of the Executive committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.5. In cases of extreme risk to the delivery of Council services, the Clerk may authorise revenue expenditure on behalf of the Council which in the Clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £5000. The Clerk shall report such action to the Chairman of the Executive Committee immediately, who will in turn inform Council of the spending requirement.
- 4.6. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available and/or the requisite borrowing approval has been obtained. Funds obtained for specific projects shall be ringfenced in identifiable accounts. Expenditure from those accounts will be reconciled with primary sources of funding requests and applications.
- 4.7. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 4.8. The RFO shall regularly provide the Council with a statement of income and expenditure to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose "material" shall be in excess of **£100** or **15%** of the budget, whichever is the greater.
- 4.9. Changes in earmarked reserves shall be approved by Full Council as part of the budgetary control process.

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

- 5.1. The Council's banking arrangements, including the bank mandates, shall be made by the Finance Officer overseen by the RFO, and approved by Full Council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency. The council reserves the right to obtain credit references in respect of members or employees who act as signatories. Only the RFO or Town Clerk may transfer monies between accounts. The Finance Officer may transfer money with the signed agreement of either the Clerk or RFO.
- 5.2. The RFO shall report to Full Council (at least 11 times per year) as per the annually approved schedule of meetings, a schedule of payments (such list of payments made will be uploaded

to the website). Out-of-the-ordinary payments requiring authorisation will form part of the agenda for the meeting and the relevant invoice will be presented to the Council or committee. Having satisfied itself, the Council or committee shall authorise payment by a resolution. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) must be summarised to remove public access to any personal information.

- 5.3. All invoices for payment shall be examined, verified and certified by the Town Clerk 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.
- 5.4. The Finance Officer shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading, overseen by the RFO. The Finance Officer/RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available payment run and within a 3 week period.
- 5.5. The Clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
  - a) are within existing budgets and relate to the normal day to day operations of the Council or for which the expenditure has previously been authorised by Council and the RFO has verified the invoice (as per 5.3 above) and presented at council.
  - b) Fund transfers within the Councils banking arrangements shall be unlimited amounts from the current account to the savings accounts. Transfers from the savings account to the current account shall be sufficient to cover the invoices authorised for payment by the RFO, with a reserve of no more than £10,000 to be maintained in the Current account. Transfers to the Wages account shall not exceed £40,000 (unless stipulated at point 5.5(c)), and the balance shall not exceed £10,000 by the end of the month. A list of all payments shall be submitted to the next appropriate meeting of Council or the Executive Committee.
  - c) Transfers of more than £40,000 can be transferred when Council receives a large amount of money into the bank account due to the sale of an Asset or the Precept allocation being received. If transfers are made of over £40,000 due to the above then these would need to be authorised by the RFO and 2 councillors signatures on an authority to transfer slip.
- 5.6. In respect of grants an authorised committee shall approve expenditure within any limits set by Council and in accordance with any policy statement approved by Council before being put into payment.
- 5.7. All payments drawn on the bank account, except for the payment of salaries, will be authorised by two members of the Council who have banking authorisation. Any member who is a bank signatory, having connection by virtue of family or business relationships with the beneficiary of a payment, should not, under any normal circumstances, be an authoriser of the payment in question.
- 5.8. 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. Any changes in the recorded details of suppliers, such as bank account records, shall be verified by the RFO/Town Clerk.
- 5.9. The Council will make safe and efficient arrangements for the making of its payments.
- 5.10. Following authorisation under Financial Regulation 5 above, the Council, a duly delegated committee or, if so delegated, the Clerk or RFO shall instruct that a payment shall be made.



The RFO shall have delegated authority to process payments in respect of all authorised items of expenditure as and when, and on a timely basis, to ensure that all invoices are paid in accordance with terms as far as is practicable.

- 5.11. All payments shall be affected by cheque or electronic transfers, in accordance with a resolution of Full Council.
- 5.12. Cheques or orders for payment drawn on the bank account in accordance with the invoices authorised for payment shall be signed/authorised by two members of Council in accordance with a resolution instructing that payment. Payment may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 5.13. If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that Councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.
- 5.14. To indicate agreement of the details shown on the cheque with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 5.15. Cheques or orders for payment shall be verified by the RFO, authorised for payment by the Clerk/Deputy Clerk and approved by two signatories to the account and reported to the next Full Council meeting.
- 5.16. Payment for utility supplies (energy, telephone, water and equipment lease) and any National Non-Domestic Rates may be made by variable Direct Debit provided that the instructions are signed by two Officers and any payments are reported to Council as made.
- 5.17. 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 authorised bank signatories and are retained and any payments reported to Council as made. The approval of the use of a Banker's Standing Order shall be reported to the Council at least every two years.
- 5.18. 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 reported to the Council at least every two years.
- 5.19. 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, they will be stored remotely in the cloud and via a database only accessed by the RFO to improve security.
- 5.20. No employee or Councillor shall disclose any PIN or password to any other person, relevant to the working of the Council or its bank accounts.
- 5.21. All records on any computer are securely stored in the cloud, access can be obtained via the Council's IT contractor.
- 5.22. The Council, and any members using computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 5.23. Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The Bank Mandate approved by the Council shall identify a number of Councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of

the Service Administrator alone, or by the Service Administrator with a stated number of approvals.

- 5.24. Access to any internet banking accounts will be directly to the access page, 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.
- 5.25. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by two of the Clerk, the Deputy Town Clerk, or the Executive Chair. A programme of regular checks of standing data with suppliers will be followed.
- 5.26. Any Credit Card issued for use will be specifically restricted to the Clerk (CEO), Deputy Clerk (COO), Facilities and Buildings Manager (FBM) and the Finance Officer using the individual's credit card limits which are available in section 5 of the credit card policy<sup>3</sup>. No further cards will be issued to other members of the council without Full Councils agreement.
- 5.27. Any corporate credit card or trade card account opened by the Council will be specifically restricted to use by the Clerk (CEO), Deputy Clerk (COO), Facilities and Buildings Manager (FBM) and Finance Officer and shall be subject to automatic payment in full at each month-end. Where a corporate credit/debit card is provided, personal credit or debit cards of members or staff shall not be used under any circumstances.
- 5.28. Any corporate credit card provided will be stored in a secure location on the Council premises with access only provided to the Clerk (CEO), Deputy Clerk (COO), Facilities and Buildings Manager (FBM), and Finance Officer. All payments made using the credit card must be supported by a Purchase Order and /or an invoice and will be paid from the General Account to ensure appropriate authorisations and be in accordance with the credit card policy.
- 5.29. Personal credit or debit cards of officers or Councillors shall not be used.
- 5.30. The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Finance Officer / RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.
- 6.24 Adequate systems of internal control will be implemented prior to adopting electronic payments.

## **6. PAYMENT OF SALARIES**

- 6.1. 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 by the Executive Committee.
- 6.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available Council meeting, as set out in these regulations above.

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<sup>3</sup> Credit Car Policy

- 6.3. No changes shall be made to any employee's salary scale range, emoluments, or terms and conditions of employment without the prior consent of the Executive Committee.
- 6.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (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 or external auditor; or
  - c) by any person authorised under Audit Commission Act 1998, or any superseding legislation
- 6.5. 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.
- 6.6. An effective system of personal performance management should be maintained for senior officers.
- 6.7. Any termination payments shall be supported by a clear business case and reported to the Council. Termination payments shall only be authorised by Full Council.

## **7. LOANS AND INVESTMENTS**

- 7.1. All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The application for Borrowing Approval, and subsequent arrangements for the Loan shall only be approved by full Council.
- 7.2. Any financial arrangement which does not require formal Borrowing Approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the full Council or Executive Committee. In each case a report in writing shall be provided to Council in respect of value for money for the proposed transaction.
- 7.3. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council Investment Strategy which is reviewed yearly as per relevant regulations, proper practices and guidance. All investments of money under control of the council shall be in the name of the council.
- 7.4. All investments of money under the control of the Council shall be in the name of the Council.
- 7.5. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 7.6. Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).

## **8. INCOME**

- 8.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 8.2. 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.

- 8.3. The Council will review all fees and charges annually, following a report by the RFO.
- 8.4. Any sums found to be irrecoverable and any bad debts shall be reported to Full Council and shall be written off in the year. All such sums and debts in excess of £1,000 shall be reported to the Chairman of the Executive Committee prior to such items being written off.
- 8.5. All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 8.6. The origin of each receipt shall be entered on the paying-in slip.
- 8.7. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 8.8. The Finance Officer overseen by the RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made quarterly coinciding with the financial year-end.
- 8.9. Where any sums of cash over £500 which are 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 and that appropriate care is taken in the security and safety of individuals banking such cash.
- 8.10. Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the Council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any Council meeting (see also Regulation 16 below).

## **9. ORDERS FOR WORK, GOODS AND SERVICES**

- 9.1. All orders will be authorised by either the Town Clerk, Deputy Clerk (COO) or the Buildings & Facilities Manager (B&FM). The Town Clerk has authorisation up to £2000, the Deputy Town Clerk £1500 and the B&FM up to £750.00. Copies of orders shall be retained by the Finance Officer.
- 9.2. A member may not issue an official order or make any contract on behalf of the council.
- 9.3. 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 10 (I) below.
- 9.4. The RFO, Clerk (CEO) or Deputy Clerk (COO) 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 Clerk 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.

## **10. CONTRACTS**

- 10.1. Procedures as to contracts are laid down as follows:
  - a. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:
    - i. for the supply of gas, electricity, water, sewerage and telephone services;

- ii. for specialist services such as are provided by legal professionals acting in disputes.
  - 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 £500 (in excess of this sum the Clerk and RFO shall act after consultation with Chairman of the Executive Committee); and
  - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- b. In accordance with the Public Contracts Regulations 2015, where it is intended to enter into a contract exceeding **£30,000** in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a), and the contract is to be advertised, the Clerk shall:
- ensure the contract information and details of the award are published on the government's Contracts Finder website.
  - set out the procedures to be followed in awarding new contracts
  - publicise the award of new contracts
- c. The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time).<sup>4</sup>
- d. When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition, the reason shall be embodied in a recommendation to the Council.
- e. Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- f. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk or COO in the presence of at least two members of Council.
- g. If less than three tenders are received for contracts above £30,000 or if all the tenders are identical, the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- h. Any invitation to tender issued under this regulation shall be subject to Standing Orders 18 c., d., e. & f and shall refer to the terms of the Bribery Act 2010.

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<sup>4</sup> Thresholds currently applicable are:

a) For public supply and public service contracts 209,000 Euros (£181,302)  
b) For public works contracts 5,225,000 Euros (£4,551,413)

- i. When it is to enter into a contract of less than £30,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk/RFO or Buildings & Facilities Manager shall obtain three quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £500 the Clerk/RFO or Buildings & Facilities Manager shall strive to obtain three estimates. Otherwise, Regulation 9 (3) above shall apply.
- j. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- k. 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.
- l. The references to the European Union Procurement thresholds in Standing Orders still apply for the purposes of the Public Contract Regulations 2015 and Utilities Contracts Regulations 2016. However, the end of the transition period has brought in new advertising requirements and the introduction of "Find a Tender". For more details, visit [www.gov.uk/guidance/public-sector-procurement-from-1-january-2021](http://www.gov.uk/guidance/public-sector-procurement-from-1-january-2021). New procurements (over £100K but refer to current procurement thresholds) must now be advertised on 'Find a Tender'. Current requirements to also advertise on Contracts Finder remain unchanged.

## **11. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

- 11.1. 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).
- 11.2. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Council.
- 11.3. Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

## **12. STORES AND EQUIPMENT**

- 12.1. The Buildings & Facilities Manager shall be responsible for the care and custody of stores and equipment.
- 12.2. 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.
- 12.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 12.4. The Buildings & Facilities Manager shall be responsible for ensuring that periodic checks of stocks and stores are undertaken at least annually and will report his findings to the Clerk/COO.

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

- 13.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The RFO shall ensure a record is maintained of all properties held by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 13.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of Full Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £1,000.
- 13.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of Full Council, together with any other consents required by law, In each case a Report in writing shall be provided to Full 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).
- 13.4. No real property (interests in land) shall be purchased or acquired without the authority of Full Council. In each case a Report in writing shall be provided to Full 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).
- 13.5. Subject only to the limit set in Reg. 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of Full Council. In each case a Report in writing shall be provided to Council with a full business case.
- 13.6. 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, in conjunction with a health and safety inspection of assets.

#### **14. INSURANCE**

- 14.1. Following the annual risk assessment (per Financial Regulation 17), the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 14.2. The RFO shall identify all new risks, properties or vehicles which require to be insured to the Clerk and of any alterations affecting existing insurances.
- 14.3. The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 14.4. The Clerk shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to council at the next available meeting.
- 14.5. 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 Executive Committee.

#### **15. CHARITIES**

- 15.1. Where the Council is sole managing trustee of a charitable body the Clerk (CEO) 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 (CEO) and RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

## **16. RISK MANAGEMENT**

- 16.1. The Council is responsible for putting in place arrangements for the management of risk. The Clerk (CEO) shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually following review by the Executive Committee.
- 16.2. When considering any new activity, the Clerk (CEO) with the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

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

- 17.1. It shall be the duty of the Full Council to review the Financial Regulations of the Council annually on the recommendation of the Executive Committee. The Clerk (CEO) and RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise the Full Council of any requirement for a consequential amendment to these financial regulations.
- 17.2. The Council may, by resolution of the Council duly notified prior to the relevant meeting of Council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of Council.

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