



# TAVISTOCK TOWN COUNCIL

## FINANCIAL REGULATIONS

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These Financial Regulations were adopted by the Council at its Meeting held on 5<sup>th</sup> March 2019.

## 1. GENERAL

- 1.1. These Financial Regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. Financial Regulations are one of the Council's three governing policy documents providing procedural guidance for Members and Officers. Financial regulations must be observed in conjunction with the Council's Standing Orders and any individual financial regulations relating to contracts.
- 1.2. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.
- 1.3. The Council's accounting control systems must include measures:
  - for the timely production of accounts;
  - that provide for the safe and efficient safeguarding of public money;
  - to prevent and detect inaccuracy and fraud; and
  - identifying the duties of Officers.
- 1.4. These financial regulations demonstrate how the Council meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Governance Statement, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 1.7. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute.
- 1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council. The Clerk has been appointed as RFO (hereinafter referred to as the Clerk) for this Council and these Regulations will apply accordingly.
- 1.9. The Clerk;
  - 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 and keeps them 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 Clerk shall be sufficient to show and explain the Council's transactions and to enable the Clerk 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>.
- 1.11. The accounting records determined by the Clerk 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 Clerk shall include:
- procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
  - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
  - identification of the duties of Officers dealing with financial transactions and division of responsibilities of those Officers in relation to significant transactions;
  - procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the Council for approval to be written off except with the approval of the Clerk and that the approvals are shown in the accounting records; and
  - measures to ensure that risk is properly managed.
- 1.13. The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:
- setting the final budget or the Precept (Council Tax Requirement);

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<sup>1</sup> In England - Accounts and Audit (England) Regulations 2015/234

- approving accounting statements;
- approving an Annual Governance Statement;
- borrowing;
- writing off bad debts;
- declaring eligibility for the General Power of Competence;

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 unless specifically provided for in the budget and
- in respect of the budget for annual salaries have regard to any recommendations about annual salaries of employees made by the relevant Committee in accordance with its terms of reference.

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

1.16. Interpretation – any reference in these regulations to the Budget & Policy Committees (or to the Chairman or Vice-Chairman of same) shall be construed, in the absence of such Committees being appointed, as a reference to the Council or to the Mayor or Deputy Mayor as applicable<sup>2</sup>.

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

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

2.1. All accounting procedures and financial records of the Council shall be determined by the Clerk in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.

2.2. On a regular basis, at least at each financial year end, a member other than the Mayor (normally the Deputy Mayor) shall, in addition, verify bank reconciliations (for all accounts) produced by the Clerk. The member shall sign the reconciliations and

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<sup>2</sup> In accordance with the provisions of S6 Interpretation Act 1978 unless the contrary intention appears within these Regulations words importing the masculine gender include the feminine, words importing the feminine gender include the masculine and words in the singular include words in the plural and words in the plural include the singular.

the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Council.

- 2.3. The Clerk shall ensure the completion of 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 Clerk, 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 Clerk 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 Clerk shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

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

- 3.1. The Budget & Policy (BPC) Committee<sup>3</sup> will formulate and submit proposals for inclusion in the draft budget no later than the end of October.
- 3.2. In addition the Budget & Policy Committee shall prioritise projects and submit these to the Council for endorsement.
- 3.3. After endorsement of full Council detailed estimates of all receipts and payments, including the use of reserves and all sources of funding for the year, shall be prepared by the Clerk in the form of a budget to be considered by the Council.
- 3.4. The Council shall review the budget not later than the end of February each year and shall fix the Precept to be levied for the ensuing financial year. The Clerk shall issue the Precept to the billing authority and shall supply each Member with a copy of the approved budget.
- 3.5. The annual budget shall form the basis of financial control for the ensuing year.
- 3.6. The Council shall have regard to a 3 year forecast of revenue and capital receipts and payments which may be prepared at the same time as the annual budget.

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

- 4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:
- the Council for all items over £10,000 (or items of a lesser amount not falling in the category below)
  - Scheme of delegation for the ordering of goods and services and payment of invoices. Nothing in this section shall permit a virement. Note - in all cases authority is restricted to action within Council Policy and within the approved budget.
    - Town Clerk (and General Manager when deputising) – general authority to incur expenditure within policy and budget except where specifically reserved by/to Council subject to a limit of £250,000.
    - General Manager – to incur expenditure within policy and budget for which the position is responsible
    - Properties & Open Spaces Manager – to incur expenditure to a maximum of £10,000 within policy and budget for which the position is responsible

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<sup>3</sup> Or such other successor body as the Council may constitute to undertake work in connection with the preparation of the budget and related matters

- Town Hall Manager, Market Development Officer, Market Reeve, Assistant to the Town Clerk, Works Administrator - to incur expenditure to a maximum of £2,500 within policy and budget for which the position is responsible
- Duty Officers to incur expenditure to a maximum of £750 from the relevant budget
- Debit Card – Properties and Open Spaces Manager and Assistant to the Town Clerk – shall be authorised to use the debit card to a maximum £1,000 per week (if in excess of this figure to be authorised by the Town Clerk).

Any other authority is to be evidenced by a Minute or by an authorisation slip duly signed by the Clerk.

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

- 4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Council, or duly delegated Committee. During the budget year and with the approval of 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. The salary budgets are to be reviewed at least annually for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Mayor of Council or relevant committee (where applicable) of the approved budget. The Clerk will report any changes impacting on budget requirements for the coming year.
- 4.4. In cases of extreme risk to the delivery of Council services, the Clerk may authorise revenue expenditure on behalf of the Council which in the Clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £3,000. The Clerk shall report such action to the Mayor as soon as possible and to the Council as soon as practicable thereafter.
- 4.5. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.
- 4.6. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 4.7. The Clerk 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 15% of the budget.

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

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

- 5.1. The Council's banking arrangements, including the bank mandate, shall be made by the Clerk and approved by the Council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency. The Council shall seek credit references in respect of Members or employees who act as signatories.
- 5.2. Three bank accounts shall be maintained at the bank (and such accounts as determined under the Treasury Management Policy)
  - 5.2.1. Collection Account
  - 5.2.2. Bill Payment Imprest Account
  - 5.2.3. High Interest Business Account
- 5.3. A monthly schedule of payments shall be prepared by the Clerk and presented to the Council.
- 5.4. The Bill Payment Imprest Account shall be funded by payments drawn on the Collection Account and signed by two nominated Councillors. The Town Clerk, Deputising Town Clerk, Assistant to the Town Clerk and Financial Administrator are authorised to make payments and make BACS payments from the Bill Payment Imprest Account in accordance with the schedule referred to in the previous paragraph. No payments of any sort are authorised to be made from the High Interest Business Account. Agreed surpluses will be automatically swept to and from the Collection Account by the bankers on a daily basis.
- 5.5. The Clerk shall ensure that all invoices for payment are examined, verified and certified 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.
- 5.6. The Clerk shall ensure that invoices are examined for arithmetical accuracy and analyse them to the appropriate expenditure heading. The Clerk shall take all steps to pay all invoices submitted, and which are in order, in accordance with Council Policy.
- 5.7. The Town Clerk shall ensure all reasonable steps are taken to settle invoices submitted, and which are in order, within 30 days of receipt.
- 5.8. Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or



instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

- 5.9. The Council will aim to rotate the duties of Members in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 5.10. The list of existing suppliers and their details will be presented to Council once each year for information.

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

- 6.1. The Council will make safe and efficient arrangements for the making of its payments.
- 6.2. Following authorisation above, the Council, a duly delegated committee or, if so delegated, the appropriate officer shall give instruction that a payment shall be made.
- 6.3. All payments shall be effected by cheque or other instructions to the Council's bankers, or otherwise, in accordance with a resolution of Council.
- 6.4. Cheques or orders for payment drawn on the bank account shall be signed by two Council authorised signatories, in accordance with a duly authorised decision instructing that payment. A Member who is a bank signatory, having a connection by virtue of a family or business relationship with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.
- 6.5. 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 office copy of the bank instruction or cheque counterfoil.
- 6.6. 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 signatories and any payments are reported to Council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Council at least every two years.
- 6.7. If thought appropriate by the Council, payment for certain items (principally Salaries) may be made by Banker's Standing Order provided that the instructions are signed, or otherwise evidenced by two signatories are retained and any payments are reported to Council as made. The approval of the use of a Banker's Standing Order shall be renewed by resolution of the Council at least every two years.
- 6.8. If thought appropriate by the Council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories are retained and any payments are reported to Council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the Council at least every two years.
- 6.9. If thought appropriate by the Council payment for certain items may be made by internet banking transfer provided evidence is retained showing which signatories approved the payment.

- 6.10. Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the Council's financial records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Mayor of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other Councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all Members immediately and formally to the next available meeting of the Council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
- 6.11. No employee or Councillor shall disclose any PIN or password, relevant to the working of the Council or its bank accounts, to any person not authorised in writing by the Council or a duly delegated committee.
- 6.12. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
- 6.13. The Council, and any Members using computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.14. Where internet banking arrangements are made with any bank, the Clerk shall be appointed as the Service Administrator. The Bank Mandate approved by the Council shall identify two signatories who will be authorised to approve transactions on those accounts.
- 6.15. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for Council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.16. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the Clerk .A programme of regular checks of standing data with suppliers will be followed.
- 6.17. Any Debit Card issued for use will be specifically restricted to the any authorised signatory and will also be restricted to a single transaction maximum value of £1,000 unless authorised by Clerk in writing before any order is placed.
- 6.18. Any corporate credit card or trade card account opened by the Council will be specifically restricted to use by the designated Officers and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of Members or staff shall not be used for any expenditure not covered by an Inland Revenue dispensation under any circumstances.

6.19. Minor cash floats of up to £400 may be held by nominated Officers to effect petty cash payments.

6.19.1. Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these Regulations.

6.19.2. Payments to maintain the petty cash flow shall be shown separately on the schedule of payments presented to Council as indicated above.

## **7. PAYMENT OF SALARIES**

7.1. As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by Council, or duly delegated committee.

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

7.3. Subject to such national and local agreements as may from time to time be approved by the Council any material changes to the staffing establishment shall only be made with the prior consent of the Council.

7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate record. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:

- a) by any Councillor who can demonstrate a need to know;
- b) by the internal auditor;
- c) by the external auditor; or
- d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.

7.5. 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.

7.6. An effective system of personal performance management should be maintained for the senior Officers.

7.7. Any termination payments shall be supported by a clear business case and reported to the Council. Termination payments shall only be authorised by Council.

7.8. Before employing interim staff a full business case shall be considered.

## **8. LOANS AND INVESTMENTS**

- 8.1. All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The application for Borrowing Approval, and subsequent arrangements for the Loan shall only be approved by full Council.
- 8.2. Any financial arrangement which does not require formal Borrowing Approval from the Secretary of State/ (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the full Council. In each case a report in writing shall be provided to Council in respect of value for money for the proposed transaction.
- 8.3. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.4. The Council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Council regularly.
- 8.5. All investments of money under the control of the Council shall be in the name of the Council.
- 8.6. All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk.
- 8.7. Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).

## **9. INCOME**

- 9.1. Ensuring appropriate arrangements for the collection of all sums due to the Council shall be the responsibility of and under the supervision of the Clerk.
- 9.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the Clerk and the Clerk shall be responsible for ensuring the collection of all accounts due to the Council.
- 9.3. The Council will review all fees and charges at least annually, following a report of the Clerk.
- 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5. All sums received on behalf of the Council shall be banked intact as directed by the Clerk. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Clerk considers necessary.
- 9.6. The origin of each receipt shall be entered on the paying-in slip.
- 9.7. Personal cheques shall not be cashed out of money held on behalf of the Council.

- 9.8. The Clerk shall ensure the prompt completion of any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 9.9. Where any significant sums of cash are regularly received by the Council, the Clerk shall take such steps as are agreed by the Council to ensure that other than in exceptional circumstances more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.
- 9.10. Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the Council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any Council meeting (see also Regulation 16 below ).

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

- 10.1. An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 10.2. Order books shall be controlled by the Clerk.
- 10.3. 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 11 (I) below.
- 10.4. A member may not issue an official order or make, or purport to make, any contract or commitment on behalf of the Council.
- 10.5. The Clerk shall ensure the lawful nature of any proposed purchase is verified 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.

## **11. CONTRACTS**

- 11.1. Procedures as to contracts are laid down as follows:
  - a. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:

- i. for the supply of gas, electricity, water, sewerage and telephone services;
  - ii. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
  - iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
  - iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
  - v. for additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the Clerk shall act after consultation with the Mayor and Deputy Mayor of Council); and
  - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- b. Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more (or any amended future legal requirement for publishing on ‘Contract Finder’), the council shall comply with the relevant requirements of the Regulations<sup>4</sup>.
- 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>5</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 in the presence of at least one member of Council. A record shall be kept of the details of all tenderers and the amount of each tender which shall be signed by those attending the tender opening.

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<sup>4</sup> The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

<sup>5</sup> Thresholds currently applicable are:

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

- g. Any invitation to tender issued under this regulation shall be subject to Standing Order 18,<sup>6</sup> and shall refer to the terms of the Bribery Act 2010.
- h. When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £5,000 and above £100 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.
- i. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- j. Should it occur that the Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

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

- 12.1. Payments on account of the contract sum shall be made within the time specified in the contract by the Clerk upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2. Where contracts provide for payment by instalments the Clerk shall ensure a record of all such payments is maintained. 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.
- 12.3. Any material variations to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

## **13. STORES AND EQUIPMENT**

- 13.1. The manager in charge of each department shall be responsible for the care and custody of stores and equipment in that section.
- 13.2. Delivery Notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 13.3. Stocks shall be kept at the minimum levels consistent with operational requirements.

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<sup>6</sup> Based on NALC's model standing order 18d in Local Councils Explained © 2013 National Association of Local Councils

- 13.4. The Clerk shall be responsible for ensuring periodic checks of stocks and stores at least annually.

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

- 14.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The Clerk shall ensure a record is maintained of all properties held by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 14.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Council, together with any other consents required by law, save where the estimated disposal value of any one item of tangible movable property does not exceed £500 or acquisition value is less than £5,000.
- 14.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, In each case a Report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.4. No real property (interests in land) shall be purchased or acquired without the authority of the full Council. In each case a Report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.5. Subject only to the limits set out in Regulation 14.2 above no tangible moveable property shall be purchased or acquired without the authority of the full Council. In each case a Report in writing shall be provided to Council with a full business case.
- 14.6. The Clerk shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

#### **15. INSURANCE**

- 15.1. Following the annual risk assessment (per Financial Regulation 17), the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2. The Clerk shall give prompt notification of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3. The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.



- 15.4. The 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.
- 15.5. All appropriate Members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council, or duly delegated committee.

## **16. CHARITIES**

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

## **17. RISK MANAGEMENT**

- 17.1. The Council is responsible for putting in place arrangements for the management of risk. The Clerk 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.
- 17.2. When considering any new activity, the Clerk shall ensure a draft risk assessment including risk management proposals are prepared for consideration and adoption by the Council.

## **18. TREASURY MANAGEMENT POLICY**

- 18.1. The Council will seek to obtain a return on cash balances which is consistent with a low level of risk. Cash balances will be held on deposit with high street banks or building societies or the Churches Charities and Local Authorities Deposit Fund (deposits in which shall be treated as cash by the Council). The Council will not make any investments in equities or in other instruments where the amount invested shall be at risk of market fluctuations.
- 18.2. The Clerk shall endeavour to obtain the best rate of interest on deposits, subject to the objective of the Council to minimise risk.
- 18.3. The Council may borrow funds from the Public Works Loan Board where appropriate, to meet the funding requirements of capital expenditure. Any such loan shall be subject to approval of full Council.
- 18.4. The Council shall throughout comply with the provisions of the adopted Council Treasury and Investment Policy (Appendix 1)

## **19. INVESTMENT POLICY**

- 19.1. The Council may continue to hold historic investments but will not undertake new investments. Any cash surplus's will be dealt with in accordance with the Council's Treasury Management policy above.

## **20. SYSTEM OF INTERNAL CONTROL**

- 20.1. The Council's system of internal control shall cover:
- 20.1.1. Appointment of Proper Officers and the Responsible Finance Officer
  - 20.1.2. Proper book-keeping and a financial reporting arrangements
  - 20.1.3. Financial Regulations including Standing Orders and payment controls
  - 20.1.4. Risk Management arrangements
  - 20.1.5. Budgetary controls
  - 20.1.6. Income controls
  - 20.1.7. Petty cash controls
  - 20.1.8. Payroll controls
  - 20.1.9. Capital controls covering asset management, investments & borrowing
  - 20.1.10. Bank Reconciliation
  - 20.1.11. Other areas identified from time to time in risk assessments.

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

- 21.1. It shall be the duty of the Council to review the Financial Regulations of the Council annually at the Annual Meeting of Council. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.
- 21.2. 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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