BLANDFORD FORUM TOWN COUNCIL

FINANCIAL REGULATIONS

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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 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. Any deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings and could be considered to be gross misconduct.

1.7. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute.

1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council.

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.

1.11. **The accounting records determined by the RFO must be sufficient to explain the council's transactions and to disclose its financial position with reasonable accuracy at any time. In particular, they must 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 must include measures to:**

- **ensure that risk is properly managed;**
- **ensure that the prompt accurate recording of financial transactions;**
- **prevent and detect inaccuracy or fraud;**
- **allow the reconstitution of any lost records;**
- **identify the duties of officers dealing with transactions and**
- **ensure division of responsibilities;**
- 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.

1.13. **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 in any report from the internal or external auditors.**

1.14. In addition the council must:

- determine and keep under regular review the bank mandate for all council bank accounts;
- approve any grant;
- approve a single commitment in excess of £2500; and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant Committee in accordance with its terms of reference.

1.15 In exceptional and unprecedented circumstances (e.g. a pandemic), which lead to it not being possible to convene a meeting of the council in a reasonable time, the Clerk shall have delegated authority to make decisions on behalf of the council where such decision cannot reasonably be deferred and must be made in order to comply with a commercial or statutory deadline. This will be carried out where possible by consultation with members by electronic means or telephone. The clerk will further consult with the chairman and vice chairman of council and the chairman and vice chairman of the finance & staffing committee for guidance as necessary. The delegation does not extend to matters expressly reserved to the council in legislation or in its Standing Orders or these Financial Regulations. Any decisions made under this delegation must be recorded in writing and must be published in accordance with the relevant regulations. This delegated authority ceases when normal business or council meetings are resumed.

1.16 The Operations Manager will deputise for the Town Clerk in their absence (and will therefore have the same authority), with the Committee Clerk supporting the office in the Town Clerk's absence.

1.17 In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean 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.

1.18 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to The Practitioners' Guide (England) which is the guide issued by the Joint Panel on Accountability and Governance (JPAG) and published by NALC in England, 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 RFO in accordance with the Accounts and Audit Regulations.

2.2. **The accounting records determined by the RFO must be sufficient to explain the council's transactions and to disclose its financial position with reasonable 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;**

2.3. The accounting records shall be designed to facilitate the efficient preparation of the accounting statements in the Annual Return.

2.4. On a regular basis, at least once in each quarter, and at each financial year end, the Chairman of the Finance & Staffing Committee shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations with the original bank statements (or similar document) attached as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Finance & Staffing Committee.

2.5. 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 Finance & Staffing Committee (and subsequently via a recommendation to full council) within the timescales set by the Accounts and Audit Regulations.

2.6. The following principles shall be observed in connection with accounting duties:

(a) The duty of providing information, calculating, checking and recording sums due to, or from, the Council, should be separated as completely as possible from the duty of collecting or dispersing them.
(b) Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.

2.7. **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.**

2.8. **Any officer or member of the council shall 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 considers necessary.

2.9. 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 specified in the Practitioners Guide.

2.10. The council shall ensure that the internal auditor:

- 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 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.

2.11. 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.

2.12. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in the Practitioner's Guide.

2.13. 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 the Local Audit and Accountability Act 2014 or any superseding legislation, and the Accounts and Audit Regulations.

2.14. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

3.1. **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.**

3.2. Each committee shall review its forecast of revenue and capital receipts and payments in line with the Town Council's Plan. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the council not later than the end of December each year including any proposals for revising the forecast.

3.3. The RFO must each year, by no later than November, prepare detailed estimates of all receipts and payments 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 relevant committees and the council. As per the JPAG, the Town Council must review the level and purpose of all earmarked reserves.

3.4. The council shall consider annual budget proposals of revenue and capital receipts and payments 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. The RFO shall **issue the precept to the billing authority no later than the end of February** (note the Dorset Council's requirement for receipt by the end of January) and supply each member with a copy of the agreed annual budget.

3.5. RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.

3.6. **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 disclose at the start of the meeting that Section 106 applies to them.

3.7. The approved annual budget shall form the basis of financial control for the ensuing year.

3.8. The generally accepted recommendation for the appropriate minimum level for a General Reserve in the JPAG is that this should be maintained at between three and twelve months of Net Revenue Expenditure (NRE). In practice, any authority with an NRE of more than £200,000 should plan on 3 months equivalent General Reserve. It is important to plan the budget ensuring that the adopted level is maintained. Changes in activity level / range of services provided will inevitably lead to changes in the requisite minimum level of the General Reserve in order to provide a working capital for those activities.

3.9. The RFO reviews the council's General Reserves on a regular basis and reports to Council in December and March the expenditure that has occurred through the year and makes recommendations to transfer from the interest received on investments on the earmarked reserves to the General Reserve.

3.10. If the General Reserve falls below the 3 months NRE, it is to consider including the deficit in the budget to bring it back up to the 3 months of NRE.

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:

- Town Clerk – £2500
- Operations Manager – £1500
- Committee Clerk – £500
- RFO – £500
- Business Support Officer – £500
- Market Manager – £500
- Grounds & Property Supervisor - £500
- In an emergency the Chairman of Council (or in the absence of the Town Clerk and Chairman of Council, the Vice Chairman of Council) – £2,500

Such authority is to be evidenced by a Minute or by an authorisation slip duly signed by the Clerk, and where necessary also by the appropriate Chairman. They must not be grouped together, except under emergency situations when retrospective expenditure must be obtained at the next relevant meeting. **Contracts must not be split into smaller lots to avoid compliance with these rules.**

See also section 10.

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 a subsequent year.

4.4. The salary budgets are to be reviewed at least annually in September/October for the following financial year and such review shall be referred to the Finance & Staffing 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 £2500. The Clerk shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter.

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 the requisite borrowing approval has been obtained.

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 Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work which is necessary whether or not there is any budgetary provision for the expenditure, subject to a limit of £2500. If there is no budgetary provision the Clerk shall report the action to the appropriate Committee as soon as practicable thereafter. Emergency work over this amount but below £2500 should be referred by the Town Clerk or in his/her absence by the Operations Manager or RFO to the relevant Committee Chairman and the Chairman of Council to obtain approval before work proceeds.

4.9. Where expenditure is incurred in accordance with regulation 4.8 above and the sum required cannot be met from savings made elsewhere within that Committee's approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Finance & Staffing Committee or the Council.

4.10. 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 10% of the budget.

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

4.12. The RFO is authorised to make payment up to the agreed net annual budget limit to the Barnes Recreation Ground Trust without reference to Committee.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

5.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.

5.2. Councillors who are the Council's bank signatories are to provide all necessary identity details to the bank in order to comply with the bank's anti-fraud regulations.

5.3. A schedule of payment of money shall be prepared by the RFO and together with the relevant supporting invoices and list of payments made via Faster payments must be checked by the two members to ensure that the Town Clerk's initials or, in his/her absence, those of the Chairman/Vice Chairman of Council are noted on the invoices as "Payment Authorised". If the "Payment Authorised" has the signature of the Chairman/Vice Chairman of Council then he/she cannot sign the relevant cheque/payment. The Chairman and Vice-Chairman of the Finance & Staffing Committee should not sign cheques/make payments as they will be responsible for checking the full list of payments which shall include cheques, BACS payments, online banking faster payments, direct debits, standing orders and PCO Pay, which will be submitted to the quarterly Finance & Staffing Committee for retrospective approval and minuted accordingly. Regarding Faster Payments on business online banking, two members of the same family must not be allowed to be an "authorising user". For BACS/faster payments, the schedule of payment, supporting invoices and list of payments entered on commercial online banking or business online banking, will be emailed to two members stating the reference numbers of the payment schedule and the total amount of each payment schedule to check and to submit the online payments. The Chairman of Finance & Staffing is copied into the faster payments authorising email. The authorising members will email the RFO stating that they have checked and authorised the payment reference number and the total of each payment schedule and submitted the online payment. The email will then be attached to the schedule of payment. On the payment schedule under the 1st and 2nd signatory, the RFO will write the name of the member who has authorised and write "see attached email" and the date the email was received. A bank reconciliation is completed promptly after month end and reviewed by the Town Clerk and Chairman of Finance & Staffing which ensures the prompt identification of any potential fraud or error.

5.4. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

5.5. In addition to 5.3, where two councillors are spouses, partners or related to each other only one of those councillors shall be permitted to authorise each transaction on behalf of the Council.

5.6. Cheques, cheque stubs and autopay sheets drawn on the bank account in accordance with the schedule referred to in the previous paragraph shall be signed by the members signing the above schedule.

5.7. Members approving the transfer of funds between bank accounts must ensure that the Town Clerk's initials or, in his/her absence, those of the Chairman of Council, are shown

on the transfer documentation prior to signature. Again if the Chairman of Council authorises the documents then they cannot sign the documents.

5.8. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.

5.9. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO and Business Support Officer (BSO) shall take all steps to pay all invoices submitted, and which are in order, at the next available council meeting or Finance & Staffing Committee Meeting. The RFO will ensure that all invoices are coded to the appropriate expenditure head. The RFO shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt. When the RFO is satisfied that invoices are in order he/she shall pass them to the Clerk for final certification in the box provided. All duly certified invoices will then be entered on the schedule referred to in 5.3 above.

5.10. In respect of grants the Town Council shall approve expenditure within any limits set by council and in accordance with any Policy statement approved by council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of the council.

5.11. 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.

5.12. The council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

6.1. The council will make safe and efficient arrangements for the making of its payments.

6.2. Apart from petty cash payments all payments shall be effected by cheque / BACS payment / Online Faster payments / Direct Debit payment or other order drawn on the Council's bankers. Where possible payments should be made through the bank online payments portal reducing the amount of cheques issued and they should not be issued for less than £15.00.

6.3. Under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the Clerk or RFO shall give instruction that a payment shall be made.

6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee shall be signed by two members of council, in accordance with a resolution instructing that payment. 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.

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 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 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 as part of the annual review of these Financial Regulations.

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 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 as part of the annual review of these Financial Regulations.

6.8. If thought appropriate by the council, payment for certain items may be made by BACS, online faster payments 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 / faster payments or CHAPS shall be renewed by resolution of the council as part of the annual review of these Financial Regulations. CHAPS are to be replaced with faster payments and only to be used where the amount is over daily limit threshold of the bank, currently £250,000 and the payment must be reached with the beneficiary on the same day.

6.9. 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.

6.10. 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.

6.11. The council, and any members using computers for the council's financial business, shall ensure that they are appropriately protected. This is supported by an external IT company on behalf of the Town Council.

6.12. 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.

6.13. 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.

6.14. 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 or the RFO. A programme of regular checks of standing data with suppliers will be followed.

6.15. The Town Council's charge card opened by the council in the name of the Clerk will be specifically restricted to use by the Clerk, RFO, Committee Clerk, Business Support Officer, and Operations Manager and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall only be used in exceptional circumstances.

6.16. The Town Clerk, Grounds & Property Supervisor and Operations Manager are authorised to use personal credit cards for payments of BFTC's purchases provided the controls listed below are followed.

6.17. When use of a charge card is required a purchase order will be raised and be signed by a member of staff with authority to spend (within the delegated authority level or minuted authority).

6.18. Ensure wherever possible that the invoice bears the name of the card holder and BFTC to satisfy the VAT requirements. When the invoice is received pass to RFO in usual way.

6.19. When the charge card bill is received pass to BSO for scrutiny who will follow procedures laid down above.

6.20. The BSO may provide petty cash to officers and members for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement:

(a) The RFO/BSO shall maintain a petty cash imprest account to a limit of £250 for the purpose of defraying operational and other expenses. The petty cash imprest account should not normally be reimbursed more than once per month. Vouchers for payments made from petty cash together with the relevant receipt shall be kept to substantiate the payment and be numbered to enable cross-reference to the ledger. In the event of an official receipt not being available the petty cash voucher must be annotated with the name/address/ signature and brief description of goods/services supplied. The RFO/BSO is authorised to make petty cash payments up to £50. Cash payments over £50 will be at the discretion of the Town Clerk.

(b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.

(c) Payments to maintain the petty cash float shall be shown separately on the schedule of the payment of money presented to the Finance & Staffing Committee (under 5.3 above).

(d) Top up payments for petty cash should be taken from Market cash received in order to remove the need for a cheque to be signed and cash carried from the bank to the office. The removal of such cash must be recorded on the Daily Payments sheet and cross-referenced to the Petty Cash sheet it is offsetting.

(d) The Chairman of the Finance & Staffing Committee shall undertake random spot checks of the Petty Cash at least quarterly and annotate the petty cash book accordingly.

6.20 If thought appropriate by the Council, payments 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.

6.21 BACS (Bankers Automated Credit Service) and Faster payments can be made up to the limit and batch totals specified by the bank provider. The RFO will have authority to upload payments to the banks account base, but will have **no** authority to authorise payments. Two Councillors will be required to authorise the release of payments after the checks undertaken in 5.3.

7. PAYMENT OF SALARIES

7.1. **As an employer, the council shall make arrangements to comply with 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. **Councillors' allowances are also liable to deduction under PAYE rules and must be taxed correctly before payment.**

7.3. 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, and shall be made by the RFO from the current account by means of the PCO Pay system. The Town Clerk is to check the payslips together with NI, PAYE and Pension contributions against the Sage Payment Summary for the relevant month and authorise the payroll record together with the PCO Pay confirmation.

7.4. In the absence of the Town Clerk and the Operations Manager the payment of salaries and the payment of deductions will be approved by the Chairman of Finance & Staffing Committee / Chairman of Council and the bank mandate is to be amended annually or as required. The PCO Pay validation report is to be signed by two Councillors retrospectively. The Internal Auditor should include checks on salary payments.

7.5. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Finance & Staffing Committee or full council (subject to timings). However all overtime shall be approved in advance by the Town Clerk or, if it relates to the Town Clerk, the Chairman of the Council or the Chairman of the Finance and Staffing Committee.

7.6. All time sheets shall be certified as to accuracy by the Operations Manager for staff under their line management and approved by the Clerk if overtime is involved. The Town Clerk is to certify and approve all other staff overtime claims.

7.7. 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. 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 Local Audit and Accountability Act 2014, or any superseding legislation.

7.8. 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.

7.9. An effective system of personal appraisal management should be maintained for all employees.

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

7.11. Before employing interim staff the council must consider a full business case.

8. LOANS AND INVESTMENTS

8.1. All loans and investments shall be negotiated by the RFO in the name of the Council and shall be for a set period in accordance with Council policy. The RFO, Town Clerk and Chairman of Finance & Staffing have joint delegated authority to approve the investments in accordance with Council's investment policy with retrospective approval being obtained from Finance & Staffing Committee for the previous period.

8.2. 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. Investments shall be negotiated by the RFO.

8.3. 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.

8.4. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with council policy.

8.5. The council shall retain an Investment Policy in accordance with relevant regulations, proper practices and guidance and it shall be reviewed by the council at least annually.

8.6. All investments of money under the control of the council shall be in the name of the council.

8.7. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

8.8. 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. The collection of all sums due to the council shall be the responsibility of, and under the supervision of, the RFO. Any accounts three months or more overdue shall be brought to the attention of the Town 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 RFO and the RFO shall be responsible for 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 either be paid to the RFO for banking or be banked by the officer collecting the money as directed by the RFO. In all cases all receipts shall be deposited with the Council's bankers on a weekly basis as a minimum or more frequently if the RFO considers necessary. Due care is to be taken in the security and safety of individuals undertaking the banking on behalf of the Council ensuring that this is undertaken on irregular days and at varying times.

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 RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act shall be made at least quarterly and coinciding with the financial year end.

9.9. Every transfer of official money from one member of staff to another shall be signed for by the receiving officer using an official Town Council receipt. Significant sums of cash received by the Council should be checked in the presence of another person when the cash is counted for the first time and that there is reconciliation to some form of control such as ticket issues or receipts (e.g. receipt of cash from market traders and toilets).

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 RFO/BSO.

10.3. **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 any contract on behalf of the council.

10.5. The Clerk/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.

11. CONTRACTS

The purchasing member or officer is responsible for obtaining value for money at all times.

Procedures as to contracts are laid down as follows:

a. Every contract shall comply with these financial regulations and standing orders 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 and RFO shall act after consultation with the Chairman and Vice Chairman 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. **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.**

c. Where the estimated value is below the Government threshold, the council shall (with the exception of items listed in a. above) obtain prices as follows:

d. For contracts estimated to exceed £60,000 including VAT, the Clerk shall seek formal tenders from at least three suppliers or advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation.

e. **For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation[3] regarding the advertising of contract opportunities and the publication of notices about the award of contracts.**

f. For contracts greater than £3,000 excluding VAT the Clerk or RFO shall seek at least three fixed-price quotes;

g. where the value is between £500 and £3,000 excluding VAT, the Clerk or RFO shall try to obtain three estimates which might include evidence of online prices, or recent prices from regular suppliers.

h. For smaller purchases, the clerk shall seek to achieve value for money.

i. 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.

j. 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.

k. Contracts must not be split into smaller lots to avoid compliance with these rules.

Tender Process

l. 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.

m. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the council.

n. Where a postal process is used, 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. All tenders shall be assessed at the same time on the prescribed date by the Town Clerk or Operations Manager in the presence of at least one member of council or by the committee or body with delegated authority to assess the tenders on the basis of the criteria set out in the tender instructions.

o. Any invitation to tender issued under this regulation shall be subject to Standing Orders, and shall refer to the terms of the Bribery Act 2010 or as amended.

p. The council shall make every effort to enter into a contract with organisations / businesses that recognise their legal obligation to provide accessible places of work / business for those who are less able.

q. The council shall not be obliged to accept the lowest or any tender, quote or estimate.

[3] 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.

r. 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.

m. Every exception made by a committee to which the power of making contracts has been delegated shall be reported to the Council and the report shall specify the reason by which the exception shall have been justified.

12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

12.1. Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).

12.2. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the council.

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

13. STORES AND EQUIPMENT

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

13.2. Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.

13.3. Stocks shall be kept at the minimum levels consistent with operational requirements.

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

14. ASSETS, PROPERTIES AND ESTATES

14.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the council, which must be stored in the fireproof safe. The RFO shall ensure a record is maintained of all properties held by the council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.

14.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the 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 £250.

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 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).

14.5. Subject only to the limit set in Reg. 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full council. In each case a Report in writing shall be provided to council with a full business case.

14.6. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments, set at a *de minimus* value of £250, with a register still being maintained for lesser purchases, although it will be at the Town Clerk's discretion to add items of worth that cost less than £250, is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.

15. INSURANCE

15.1. Following the annual risk assessment (per Financial Regulation 17), the RFO shall effect all insurances and negotiate all claims on the council's insurers in consultation with the Clerk.

15.2. The 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.

15.3. The RFO shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.

15.4. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to council at the next available meeting.

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

15.6 The RFO will notify the Insurance Company for 'Special Events' agreed by Council to ensure cover for Public Liability is effected. Risk assessments will be prepared and any additional Premiums will be advised to Council.

16. CHARITIES

16.1. Where the council is sole managing trustee of a charitable body the Clerk and RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Clerk and RFO

shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

17. RISK MANAGEMENT

17.1. **The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management .** The Clerk with the RFO shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.

17.2. When considering any new activity, the Clerk with the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

18. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

18.1. It shall be the duty of the council to review the Financial Regulations of the council from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the council of any requirement for a consequential amendment to these financial regulations.

18.2. 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.