



# North Hykeham 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 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 for North Hykeham Town Council and these regulations will apply accordingly.

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 shall in particular contain:

- entries from day to day of all sums of money received and expended by the council and the matters to which the income and expenditure or receipts and payments account relate;
- a record of the assets and liabilities of the council; and
- wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant, or subsidy.

1.12. The accounting control systems determined by the RFO shall include:

- procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
- procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
- identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
- procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and
- measures to ensure that risk is properly managed.

1.13. The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

- setting the final budget or the precept (council tax requirement);
- approving accounting statements;
- approving an annual governance statement;
- borrowing;
- writing off bad debts;
- declaring eligibility for the General Power of Competence; and
- addressing recommendations in any report from the internal or external auditors, shall be a matter for the full council only.

1.14. In addition, the council must:

- determine and keep under regular review the bank mandate for all council bank accounts through the Finance & Policy Committee;
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the Personnel sub-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.

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).

## **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, appropriate guidance, and proper practices.

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

2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.

2.4. The council shall ensure that there is an adequate and effective system of internal audit of its accounting records and of its system of internal control, at least once a year, in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.

2.5. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.

2.6. The internal auditor shall:

- be competent and independent of the financial operations of the council;
- report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
- demonstrate competence, objectivity, and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
- have no involvement in the financial decision making, management or control of the council

2.7. Internal or external auditors may not under any circumstances:

- perform any operational duties for the council;
- initiate or approve accounting transactions; or
- direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

2.8. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.

2.9. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any

notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.

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

2.11. Committee management accounts will be produced by the RFO monthly to be reviewed by the committees.

### **3. Annual estimates (budget) and forward planning**

3.1. Each committee shall review its three-year forecast of revenue and capital receipts and payments. 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 November each year including any proposals for revising the forecast. All committee budgets will be subject to recommendation by the Finance & Policy Committee prior to authorisation by the council. Any proposed expenditure over £10,000 made by any statutory committee should be accompanied with a business case supporting the proposal.

3.2. The RFO must each year, by no later than the December meeting of the Finance & Policy Committee, 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 Finance & Policy Committee and the council. Receipts will only be recognised for budget purposes if they are considered either to be received as part of a long-term contract or guaranteed income arising from historic records or many years.

3.3. The council shall consider annual budget proposals in relation to the council's five year business plan and three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.

3.4. The council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of December each year (or as determined by the District Council). The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.

3.5. The approved annual budget shall form the basis of financial control for the ensuing year and used to formulate the rolling 5-year business plan.

### **4. Budgetary control and authority to spend**

4.1. Expenditure will be budgetary dependent and subject to Financial Controls (see Appendix 1).

4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than, in the first instance, by the Finance & Policy Committee and subsequently by resolution of the council. During the budget year and with the approval of Finance & Policy Committee and the 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'). In exceptional circumstances, with the approval of Finance & Policy Committee and council, monies may be transferred from either designated or general reserves to a nominated budget heading for a specific purpose.

4.3. With the exception of unallocated s106 and CIL monies, unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year. Only in exceptional circumstances the Finance & Policy Committee shall review statutory committee proposals and recommend to council to create a designated (earmarked) reserve which may only be assigned to a specific account heading. If not spend in accordance with these provisions, the amount will be transferred to general reserves.

4.4. Changes in earmarked or general reserves shall be approved by the Finance & Policy Committee, in the first instance, and resolved by council as part of the budgetary control process.

4.5. The salary budgets are to be reviewed at least annually in October, by the Personnel sub-committee and approved by the Finance & Policy Committee, for the following financial year. The RFO will inform committees of any changes impacting on their budget requirement for the coming year.

4.6. 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 £4000. The Clerk shall report such action to the chairman of the Finance & Policy Committee as soon as possible and to the council as soon as practicable thereafter.

4.7. In the event of emergency necessary expenditure that is urgent and has financial implications which cannot be authorised by an emergency extra ordinary meeting of the council, the expense may be authorised under Standing Order No.28 and the limit in section 4.6 above is raised to £20,000 for a single account heading only.

4.8. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Finance & Policy Committee and council is satisfied that the necessary funds are available, and the requisite borrowing approval has been obtained.

4.9. All capital works shall be administered in accordance with the council's Standing Orders and Financial Regulations relating to contracts.

4.10. The RFO shall regularly provide the Finance & Policy Committee 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 15% of the budget.

## **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 considered and approved by the Finance & Policy Committee to be ratified by the council; banking arrangements may not be delegated to a committee. They shall be reviewed every 3 years.

5.2. Authorised signatories shall be assigned to the positions of RFO, Deputy Clerk, Chair and Vice-Chair of the Finance & Policy Committee.

5.3. The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Finance & Policy Committee Meeting and, together with the relevant invoices, present the schedule to the Finance & Policy committee. The committee shall review the schedule

for compliance and, having satisfied itself shall authorise payment by a resolution of the Finance & Policy Committee. The approved schedule shall be initialled by the Chair of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses, and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

5.4. 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.

5.4. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available Finance & Policy Committee meeting.

5.5. The RFO shall have delegated authority to authorise the payment of items only in the following circumstances:

a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of council, where the RFO certifies that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of the Finance & Policy Committee;

b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of the Finance & Policy Committee; or

c) fund transfers within the councils banking arrangements up to the sum of £50,000, provided that a list of such payments shall be submitted to the next appropriate meeting of the Finance & Policy Committee.

5.6. For each financial year the RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively) salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which the Finance & Policy committee may authorise payment for the year provided that the requirements of Regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of the Finance & Policy Committee.

5.7. A record of regular payments made under 5.6 above shall be drawn up and be signed by two members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and / or made.

5.8. In respect of grants a duly authorised committee shall approve expenditure within any limits set by council and in accordance with the Grants Policy approved by council.

5.9. Members are subject to the Code of Conduct and Expenses and Allowance Policy that have been adopted by the council and shall comply with the Code, the Policy, 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.

## **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 under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the RFO (or Deputy Clerk in the absence of the RFO) shall give instruction that a payment shall be made.

6.3. All payments shall be affected by BACS (or very exceptionally by cheque, if a bank transfer is not possible) or other instructions to the council's bankers, or otherwise, in accordance with a resolution of the council or duly delegated committee. Payments will be made provided that the instructions for each payment are signed, or otherwise evidenced, by an authorised bank signatory, are retained and the payment schedule is reported to the Finance & Policy committee.

6.4. Bank Transfers, cheques, or orders for payment drawn on the bank account in accordance with the schedule as presented to the Finance & Policy committee shall be signed by the Chair or Vice Chair of the Finance & Policy Committee and countersigned by the RFO or Deputy Clerk, in accordance with a resolution instructing that payment. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.

6.5. 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 the Finance & Policy Committee 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.

6.6. 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 Finance & Policy Committee.

6.7. Regular back-up copies of the records on the on-siter server shall be stored on our UK based cloud server. All cloud-based data will also be backed-up on our UK based cloud server. No Council data is permitted to be stored on any workstation or laptop.

6.8. 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.

6.9. 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 the RFO, Deputy Clerk, Chair and Vice Chair of the Finance & Policy Committee as authorised to approve transactions on those accounts. The bank mandate will clearly state 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.

6.10. 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.

6.11. 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 RFO and the Deputy Clerk. A programme of regular checks of standing data with suppliers will be followed.

6.12. Any Debit Card issued for use will be specifically restricted to the RFO or Deputy Clerk, in accordance with the Council Debit Card Policy. Use will also be restricted to a single transaction maximum value of £1,000 unless authorised by council or finance committee in writing before any order is placed. Cash withdrawals with any debit card are **NOT** permitted under any circumstances.

6.13. Any trade card account which is not credit card operated, opened by the council, will be specifically restricted to use by the RFO or Deputy Clerk and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances.

6.14. The council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash, only if the debit card cannot be used, (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

## **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 the Personnel sub-committee and council.

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 Finance & Policy Committee meeting, as set out in these regulations above.

7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Personnel sub-committee and approval of the Finance & Policy Committee.

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

7.7. Before employing interim staff, the Personnel sub-committee must consider a full business financial and legal case.

## **8. Loans and investments**

8.1. All borrowings shall be affected in the name of the council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by the Finance & Policy Committee 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 recommendation by the Finance & Policy Committee for approval by the full council. In each case a report in writing shall be provided to the Finance & Policy Committee 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.

8.5. 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 RFO.

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. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.

9.2. Particulars of all charges to be made for work done, services rendered, or goods supplied shall be agreed annually by the Finance & Policy Committee, notified to the RFO who shall be responsible for the collection of all accounts due to the council.

9.3. The Finance & Policy Committee will review all fees and charges at least annually.

9.4. Any sums found to be irrecoverable, and any bad debts shall be reported to the Finance and Policy Committee and council. If a decision is taken to write off it 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 RFO. In all cases, all receipts shall be deposited with the council's bankers with such frequency as the RFO considers necessary.

9.6. The origin of each receipt shall be entered onto the financial system and paid into the bank account via the post office service.

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 1994 section 33 shall be made at least annually coinciding with the financial year end and reported to the Finance & Policy committee.

9.9. Where any significant sums of cash are regularly received by the council, the RFO shall take such steps as are agreed by the council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

9.10. Income monies will be recorded within the Finance & Policy budget heading for monthly reporting purposes.

## **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. The order should be signed off by the RFO or Deputy Clerk.

10.2. Order books shall be controlled by the RFO.

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 11.1 below.

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

10.5. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the Committee 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 in Standing Order No.18 and should be referred to accordingly

11.2. When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation from the Finance & Policy Committee to the council.

a) Such invitation to tender shall state the general nature of the intended contract and the RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the RFO 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.

b) All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of at least one Councillor.

c) Any invitation to tender issued under this regulation shall be subject to Standing Order 18 and shall refer to the terms of the Bribery Act 2010.

d) 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 **strive to** obtain 3 quotations (priced descriptions of the proposed supply); where the value is above £5000 the RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.

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

f) Should it occur that the Finance & Policy Committee or the council 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.

g) In all cases, the council must be assured that the contractor has the necessary public liability cover and is financially stable.

**h) A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of £25,000 but less than the relevant thresholds is subject to Regulations 109-114 of the Public Contracts Regulations 2015 which include a requirement on the Council to advertise the contract opportunity on the Contracts Finder website regardless of what other means it uses to advertise the opportunity.**

i) Subject to additional requirements in the financial regulations of the Council, the tender process for contracts for the supply of goods, materials, services, or the execution of works shall include, as a minimum, the following steps:

j) a specification for the goods, materials, services, or the execution of works shall be drawn up;

- i. an invitation to tender shall be drawn up to confirm (i) the Council's specification (ii) the time, date and address for the submission of tenders (iii) the date of the Council's written response to the tender and (iv) the prohibition on prospective contractors contacting councillors or staff to encourage or support their tender outside the prescribed process;
- ii. tenders are to be submitted in writing in a sealed marked envelope addressed to the RFO;
- iii. tenders shall be opened by the RFO in the presence of at least one Councillor after the deadline for submission of tenders has passed;
- iv. tenders are to be reported to and considered by the appropriate meeting of the Council or a Committee or Sub-Committee with delegated responsibility.

11.3. Neither the Council, nor a Committee or a Sub-Committee with delegated responsibility for considering tenders, is bound to accept the lowest value tender.

11.4. A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of £214,904 for a public service or supply contract or in excess of £5,372,609 for a public works contract shall comply with the relevant procurement procedures and other requirements in the Public Contracts Regulations 2015 which include advertising the contract opportunity on the Contracts Finder website.

11.5. A public contract in connection with the supply of gas, heat, electricity, drinking water, transport services, or postal services to the public; or the provision of a port or airport; or the exploration for or extraction of gas, oil or solid fuel with an estimated value in excess of £429,809 for a supply, services or design contract; or in excess of £5,336,927 for a works contract; or £663,540 for a social and other specific services contract shall comply with the relevant procurement procedures and other requirements in the Utilities Contracts Regulations 2016.

## **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 Services Team Manager shall be responsible for the care and custody of stores and equipment used by the Services Team and maintain the Tools Register.

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. 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. 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 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 RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually by the Finance & Policy Committee.

## **15. Insurance**

15.1. Following the annual risk assessment (per Regulation 17), the RFO shall affect all insurances and negotiate all claims on the council's insurers.

15.2. The RFO shall keep a record of all insurances affected by the council and the property and risks covered thereby and annually review it with the Finance & Policy Committee.

15.3. 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.

15.4. 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. Risk management**

16.1. 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.

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

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

17.1. It shall be the duty of the council to review the Financial Regulations of the council annually. 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.

17.2. The Council may, by resolution of the Council duly notified prior to the relevant meeting of council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of council.

## Financial Controls

### Authorised signatories

Appointed to the positions of Town Clerk (and RFO), Deputy Clerk, Chairman and Vice Chairman of Finance & Policy Committee.

### Purchase orders

\* All expenditure is budgetary dependent, to be relevant Committee agreed and minuted as such.

\*\* Purchase orders are not required for any expenditure **under £50**.

### Authorisation for expenditure

1. Committee has budgeted for the expenditure and the purchase value is under £4,000 the Town Clerk can authorise;
2. Committee has budgeted for the expenditure, but it is over £4,000. This expenditure needs to be approved by that Committee;
3. Long term contracts that are budgeted for up to the value of £4,000 per annum can be authorised by the Town Clerk;
4. Long term contracts that are budgeted for, but they are over £4,000 per annum need to be authorised by the Committee;
5. Any non-budgeted expenditure needs to be approved by Finance & Policy Committee;
6. Any statutory payments, the Town Clerk to ensure budgeted within precept.

### Invoices

Signed by Town Clerk (Deputy Clerk in absence of)

- Check addition of invoice;
- Cost in accordance with purchase order – **as above**;
- Correct budgetary code.
- Second signature required by Chair or Vice Chair of F&P

### Expenses

\*In accordance with Expenses and Allowances Policy.

### S106 and CIL Monies

Statement of s106 and CIL monies to be reported to Finance & Policy Committee;

Expenditure to be recommended through Finance & Policy approved by Town Council.

### Payment

BACS Payment – made by a Clerk as per authorised invoice instructions and authorised by the Town Clerk or Deputy Clerk as per authorised invoice instructions; List to be authorised by F&P Chairman or F&P Vice Chairman.

Debit card – Town Clerk and Deputy Clerk – maximum £1,000 budget - operated in accordance with Debit Card Policy.

### **Reconciliation**

Monthly Bank reconciliation — signed off by Town Clerk (Deputy Clerk in absence of);

Monthly Bank reconciliation and original bank statement – signed by the Chairman and or Vice Chairman of Finance & Policy committee

All bank account reconciliations / statements to be signed off on a monthly basis by an authorised signatory who has not produced the reconciliation

### **Management Accounts**

Monthly Income & Expenditure review at Committee meetings;

Income & Expenditure review of all Committees at Finance & Policy Committee meetings;

Detailed budgetary analysis, no later than December, to Committee to support precept preparation.

### **Income**

Payment of invoices / donations

- BACS – acknowledged against invoice, evident in bank reconciliation;
- Cheque – acknowledged against invoice, paid in through pay in envelope to post office, evident on bank reconciliation;
- Cash – acknowledged against invoice, paid in through cash card at post office, evident on bank reconciliation.

### **Payroll**

Authorisation of time sheets – Town Clerk (or Deputy in absence);

Input of information into SAGE 50 payroll;

Analysis of Payroll Totals, P32 and Update Records Check – authorisation Town Clerk;

Check Update Records Check to bank statements – Town Clerk to check;

Personnel Sub Committee – Chairman or Vice Chairman to review and sign off SAGE 50 Update Records Check payroll report and P32 report at least every 6 months.



**Purchase Order Flow Chart**

