

**FINANCIAL REGULATIONS**

(Based on NALC 2014 model Financial Regulations)

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These Financial Regulations were adopted by the Council at its meeting held on 20th June 2019.

1. GENERAL
	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[[1]](#footnote-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.
	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.
	4. These financial regulations demonstrate how the Council meets these responsibilities and requirements.
	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.
	6. Any breaches of the Financial Regulations may be liable to disciplinary action against the individual in accordance with the Council’s disciplinary policy
	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.
	8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council. 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.
	9. 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[[2]](#footnote-2).
	10. 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. 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.
	2. 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 above the approved delegated limit;
		+ declaring eligibility for the General Power of Competence; and
		+ addressing recommendations in any report from the internal or external auditors unless of high importance as determined by the Town Clerk and / or a matter of security which will be adopted and reported to the Finance & General Purposes Committee meeting as soon as practicable afterwards.

shall be a matter for the Full Council only.

* 1. In addition, the Council must:
* determine and keep under regular review the bank mandate for all Council bank accounts;
* in respect of the annual salary for any employee have regard to recommendations and resolutions about annual salaries of employees made by the relevant committee in accordance with its terms of reference.
	1. 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), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

1. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)
	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. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Mayor 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 and General Purposes Committee.
	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.
	4. The Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the Council shall make available such documents and records as appear to the Council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Council considers necessary for that purpose.
	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.
	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 two annual written report during each financial year;
* to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
* have no involvement in the financial decision making, management or control of the Council.
	1. 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.
	1. 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. 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.
	3. The RFO shall, as soon as practical, bring to the attention of the Finance & General Purposes Committee any correspondence or report from internal or external auditors.
1. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING
	1. Each committee shall review its forecast of revenue and capital income and expenditure. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the Council not later than the end of December each year including any proposals for revising the forecast.
	2. The RFO must each year, by no later than the end of January, prepare detailed estimates of all income and expenditure including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Council.
	3. The Council will produce a 3-year budget.
	4. The Council shall consider annual budget proposals in relation to the Council’s 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.
	5. The Council shall fix the precept (Council tax requirement), and relevant basic amount of Council tax to be levied for the ensuing financial year not later than by the end of January each year or a date agreed with the billing authority. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
	6. The approved annual budget shall form the basis of financial control for the ensuing year.
2. BUDGETARY CONTROL AND AUTHORITY TO SPEND
	1. Expenditure on revenue items up to the amounts included for that class of expenditure in the approved budget is authorised. This authority is to be determined by the Council when setting the Annual Budget, subject to the requirements of the Council’s Standing Orders and Financial Regulations.
	2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for a Committee Budget other than by resolution of the Council. During the budget year, it is expected that Account Codes will vary to budget and that consequently Cost Centres will also. However, the Committee spend has to be within budget unless approved otherwise by Council. It is noted that some budgets are dependent on external factors e.g. income received at the Golf and The View. Any deviations due to loss of income does not require approval but should be reported to the relevant Committee as soon as practicable. There is no need to undertake virements.
	3. In cases of extreme risk, determined by the Town Clerk, to the delivery of Council services, the Town Clerk may authorise revenue expenditure on behalf of the Council which in the Town 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 £5,000. The Town Clerk shall report such action to the Council as soon as possible thereafter.
	4. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year. Any such funds will be considered for allocation to earmarked reserves by the Finance and General Purposes Committee OR Full Council.
	5. The salary budgets are to be reviewed at least annually and by each year end for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Mayor. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time. This is not budgetary control just normal budget process.
	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 where necessary the requisite borrowing approval has been obtained subject to 4.3 above.
	7. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
	8. The RFO shall regularly provide the relevant Committee with a statement of income and expenditure to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of significant variances. Changes in earmarked reserves shall be approved by Council as part of the budgetary control process.
3. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS
	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.
	2. All invoices for payment shall be examined, verified and certified by the budget manager and then the RFO or Finance Manager (FM) to confirm that the work, goods or services to which each invoice relates has been received, carried out and examined.
	3. The FM shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The FM shall take all steps to pay all invoices submitted, and which are in order, in a timely fashion.
	4. The RFO shall have delegated authority to authorise the payment of all items that are necessary to provide the services of the Council in line with the Council’s Scheme of Delegation and the budgets set by the Council.
	5. The Finance Assistant shall prepare a schedule of payments to be made for at least two Councillors and the RFO or Town Clerk to authenticate for compliance.
	6. Following the repeal of S150, payments are authorised and signed by the RFO and Finance Manager. A summary schedule of payments made will be presented to the Finance and General Purposes Committee on a quarterly basis as part of the budgetary process. The Finance and General Purposes Committee shall review the schedule for compliance and, having satisfied itself shall accept payments are in order by a resolution of the Committee. The summary and 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.
	7. In respect of grants the Finance and General Purposes Committee shall approve expenditure in accordance with the Grants Policy and within any limits set by Council.
	8. Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.
	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.
4. MAKING OF PAYMENTS
	1. Following authentication under Financial Regulation 5.5 above, the RFO shall give instruction that a payment shall be made.
	2. All payments shall be effected by electronic payment wherever possible. The Council shall where possible reduce the number of cheque payments.
	3. Cheques or orders for payment drawn on the bank account shall be signed by two members of Council, and countersigned by the Clerk. 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.
	4. If thought appropriate by the RFO, 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 reported to Finance and General Purposes 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.
	5. Where internet banking arrangements are made with any bank, the Clerk andRFO shall be appointed as the Service Administrator or Nominee. The bank mandate approved by the Council shall identify a number of Councillors and officers 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 Service Administrator with a stated number of approvals.
	6. Changes to account details for suppliers, may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the Finance Manager and the Town Clerk. A programme of regular checks of standing data with suppliers will be followed.
	7. Any Debit / Credit Card issued is to be used in accordance with the Council’s Debit Card Policy and procedure.
	8. The Finance Manager shall provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the Finance Manager with a claim for reimbursement.
		1. The Finance Manager shall maintain a petty cash float for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
		2. Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
		3. Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under 5.2 above.
5. PAYMENT OF SALARIES
	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 contracts of employment 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.
	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.
	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 Committee or Council otherwise than in accordance with the Scheme of Delegation.
	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:
		* + 1. by any Councillor who can demonstrate a need to know;
				2. by the internal auditor;
				3. by the external auditor; or
				4. by any person authorised under Audit Commission Act 1998, or any superseding legislation.
	5. Any termination payments shall be supported by a clear business case and shall only be authorised by Council otherwise than in accordance with the Scheme of Delegation.
6. LOANS AND INVESTMENTS
	1. All borrowings and financial arrangements shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for approval shall be approved by Council as to terms and purpose. The application for approval, and subsequent arrangements shall only be approved by full Council.
	2. 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.
	3. The Council shall approve an Annual Investment Strategy, in accordance with relevant regulations, proper practices and guidance.
	4. All investments of money under the control of the Council shall be in the name of the Council.
	5. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
	6. Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Making of payments).
7. INCOME
	1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO, who shall make and maintain adequate arrangements for prompt and proper banking and accounting for all cash, including its collection, custody, control and deposit.
	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.
	3. The Council will review all fees and charges at least annually, following a report of the Clerk.
	4. Any sums found to be irrecoverable and any bad debts shall be reported to the Council if over £3,000 or to the Finance & General Purposes Committee if under £3,000 and shall be written off in the year.
	5. All sums received on behalf of the Council shall be banked intact as directed by the RFO and shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
	6. The origin of each receipt shall be entered on the paying-in slip.
	7. Personal cheques shall not be cashed out of money held on behalf of the Council.
	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.
	9. The RFO shall ensure systems are in place so that wherever practical and possible receipts will be issued by staff at the point of receiving a cash payment.
	10. Where in excess of £100 is received by the Council and it is not practical to immediately issue a receipt, the RFO shall ensure that systems are in place so that more than one person is present when the cash is counted, that there is a reconciliation to some form of control, and that appropriate care is taken in the security and safety of individuals banking such cash.
8. ORDERS FOR WORK, GOODS AND SERVICES
	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.
	2. Order books shall be controlled by budget managers and the RFO.
	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, subject to Regulation 11.1 below.
	4. A member may not issue an official order or make any contract on behalf of the Council.
	5. Budget managers are responsible for the placing of orders within their overall budget.
	6. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order or as soon after the order is placed by the budget manager.
9. CONTRACTS
	1. Procedures as to contracts are laid down as follows:
		* + 1. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:

for the supply of gas, electricity, water, sewerage and telephone services;

for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;

for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;

for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;

for additional audit work of the external auditor up to an estimated value of £1,000 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman of Finance & General Purposes Committee. ; and

for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

contracts of employment;

any contract, for the sale or purchase of any right in or over land or premises;

* 1. 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.
	2. Invitations to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
	3. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of Council.
	4. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
	5. Electronic tenders can be accepted where specified by Seaford Town Council’s where contracts are for less than £20,000 in value.
	6. 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.
	7. The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.
	8. Where the estimated costs of works, goods, services or materials are as set out below, after the required budget provision has been agreed, the arrangements for the invitation of tenders or quotes as appropriate and the subsequent acceptance thereof shall be as below.

|  |  |  |
| --- | --- | --- |
| Estimated Value of purchase | Method of Procurement | Accepted by |
| 0 | to | £2,000 | Best Practice in line with FR 10.3 – power to spend | Budget holder |
| £2,001 | to | £24,999 | Minimum 3 estimates - No quote should be accepted without approval from the Town Clerk or RFO | Town Clerk/ RFO |
| £25,000 | to | £49,999 | Minimum 3 quotations from at least three firms to be taken from the appropriate approved list or appropriate contractors/suppliers.All contracts over £25,000 to be scrutinised by the Central Management Team prior to advertising of contract.Advertise all contracts over £25,000 on the Council’s website and the Contracts Finder website within 24 hours of advertising elsewhere. Unless the Council chooses to use an existing list of approved suppliers (framework agreement).A contract for over £25,000 is subject to Regulations 109-114 of the Public Contracts Regulations 2015.  | Town Clerk/ RFO plus 1 Member of the Council |
| £50,000 | to | above | Tender process for contracts for the supply of goods, materials, services or the execution of works shall include, as a minimum, the following steps:* a specification for the goods, materials, services or the execution of works shall be drawn up;
* 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;
* All Contracts over £25,000 shall be advertised on the Council’s website and the Contract Finder website within 24 hours of advertising elsewhere. Unless the Council chooses to use an existing list of approved suppliers (framework agreement).
* the invitation to tender shall be advertised via the Councils website, social media, and a press release as well as any other manner that is appropriate;
* Any invitation to tender issued under this regulation shall shall refer to the terms of the Bribery Act 2010.
* tenders are to be submitted in writing in a sealed marked envelope addressed to the Proper Officer by a specified date and time;
* A minimum of three tenders shall be invited to tender and a minimum of two considered from the appropriate approved list or appropriate contractors/suppliers
* tenders shall be opened by the Proper Officer in the presence of at least one councillor after the deadline for submission of tenders has passed;
* The Contract can be awarded by the Proper Officer in line with the instructions of the Committee or Council without further redress
* The Council is not bound to accept the lowest tender
* The outcome of the tender process will be recorded in the Councils tender file held by the Finance Manager and will be reported to the next appropriate meeting
 | Town Clerk/RFO plus 2 Members of the Council |
| In excess of £181,302 for services or £4,551,413 public works contract |  |  | **A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of £181,302 for a public service or supply contract or in excess of £4,551,413 for a public works contract (or other thresholds determined by the European Commission every two years and published in the Official Journal of the European Union (OJEU)) 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 and in OJEU.****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 £363,424 for a supply, services or design contract; or in excess of £4,551,413 for a works contract; or £820,370 for a social and other specific services contract (or other thresholds determined by the European Commission every two years and published in OJEU) shall comply with the relevant procurement procedures and other requirements in the Utilities Contracts Regulations 2016.** | Town Clerk/RFO plus 2 Members of the Council |

1. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS
	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).
	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.
	3. Any variation to a contract or addition to or omission from a contract must be approved by the Clerk to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.
2. STORES AND EQUIPMENT
	1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
	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.
	3. Stocks shall be kept at the minimum levels consistent with operational requirements.
	4. The RFO shall be responsible for periodic checks of stocks and stores at least annually.
3. ASSETS, PROPERTIES AND ESTATES
	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.
	2. No tangible moveable property shall be 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 £1000.
	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).
	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).
	5. 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, possibly in conjunction with a health and safety inspection of assets.
4. INSURANCE
	1. Following the annual risk assessment (per Financial Regulation 19), the RFO shall affect all insurances and negotiate all claims on the Council's insurers.
	2. Section Managers and 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.
	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.
	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.
	5. All appropriate members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.
5. INTERNAL CONTROL

16.1 The Town Clerk and RFO, under the direction of the Finance & General Purposes Committee shall be responsible for all internal control matters.

* 1. The Council’s system of internal control shall cover:
1. Appointment of Proper Officers and the RFO;
2. Proper book-keeping and financial reporting arrangements;
3. Financial Regulations including Standing Orders and payment controls;
4. Risk management arrangements;
5. Budgetary controls;
6. Income controls;
7. Petty cash controls;
8. Payroll controls;
9. Capital controls covering asset management, investments and borrowing;
10. Bank reconciliation;
11. Other areas identified from time to time in risk assessments.
	1. All payments by the Council shall be authorised, approved and paid in accordance with the law, proper practices and the Council’s Financial Regulations.
	2. The RFO shall supply to each Councillor at each scheduled Finance & General Purposes Committee meeting, or on request, a statement to summarise:
		1. the Council’s receipts and payments for each quarter;
		2. the Council’s aggregate receipts and payments for the year to date;
		3. the balances held at the end of the quarter being reported

and which includes a comparison with the budget for the financial year and highlights any actual or potential overspends.

* 1. As soon as possible after the financial year end at 31 March, the RFO shall provide:
		1. each Councillor with a statement summarising the Council’s receipts and payments for the last quarter and the year to date for information; and
		2. to the Full Council the accounting statements for the year in the form of Section 2 of the annual Governance and Accountability Return, as required by proper practices, for consideration and approval.
	2. The year end accounting statements shall be prepared in accordance with proper practices and applying the form of accounts determined by the Council (receipts and payments, or income and expenditure) for a year to 31 March. A completed draft annual return shall be presented to each Councillor before the end of the following month of May or as soon as possible. The annual return of the Council, which is subject to external audit, including the annual governance statement, shall be presented to Council for consideration and formal approval before 30 June.
1. EARMARKED RESERVES
	1. Reserves will only be earmarked in line with the CIPFA Code of Practice on Local Authority Accounting in the UK (the Statement of Recommended Practice). The amount Earmarked in any one financial year will not exceed the difference (surplus) between the budgeted net expenditure and the actual net expenditure.
	2. Reserves can be spent or Earmarked at the discretion of the Town Council. They can result from:

(i) events which have allowed monies to be set aside,

(ii) surpluses,

(iii) decisions causing anticipated expenditure to have been postponed or cancelled,

(iv) monies set aside for major anticipated capital schemes, projects or service arrangements the Town Council may wish to carry out.

* 1. Expenditure will not be charged direct to Earmarked Reserves and transfers to and from Earmarked Reserves will be distinguished from service expenditure in the Statement of Accounts.
	2. For each reserve established the following will be clearly documented:
	3. The reason for or the purpose of the Earmarked Reserve will be clearly defined within the above guidelines.
	4. The types of expenditure the Earmarked Reserve will be used for and the basis of transactions will be clearly defined.
	5. Any circumstances for which the reserves cannot be used.
	6. Reserves will be managed, controlled and reviewed by the RFO;
1. On a transaction by transaction basis to ensure that the correct expenditure is being taken from the correct reserve and that no reserve is overspent.
2. Twice per year, once during the budget review procedure and once at the year end. The RFO, in consultation with the Town Clerk, will review the appropriateness of each reserve, making recommendations as to which reserves should be earmarked in the next financial year. At such time any reserves considered no longer appropriate will be transferred back to the General Reserve.
3. RISK MANAGEMENT
	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.
4. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS
	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.
	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.

\* \* \*

1. Model standing orders for Councils are available in Local Councils Explained © 2013 National Association of Local Councils [↑](#footnote-ref-1)
2. Accounts and Audit (England) Regulations 2015 and any subsequent amendments and current regulations.

 [↑](#footnote-ref-2)