

**FINANCIAL REGULATIONS**

(Based on NALC 2019 model Financial Regulations)

**INDEX**

Page no.

[1. GENERAL 2](#_Toc382309736)

[2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL) 4](#_Toc382309737)

[3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING 6](#_Toc382309738)

[4. BUDGETARY CONTROL AND AUTHORITY TO SPEND 6](#_Toc382309739)

[5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS 7](#_Toc382309740)

[6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS 8](#_Toc382309741)

[7. PAYMENT OF SALARIES](#_Toc382309742) 9

[8. LOANS AND INVESTMENTS 10](#_Toc382309743)

[9. INCOME 11](#_Toc382309744)

[10. ORDERS FOR WORK, GOODS AND SERVICES 11](#_Toc382309745)

[11. CONTRACTS 12](#_Toc382309746)

[12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS 17](#_Toc382309747)

[13. STORES AND EQUIPMENT 17](#_Toc382309748)

[14. ASSETS, PROPERTIES AND ESTATES 17](#_Toc382309749)

[15. INSURANCE 1](#_Toc382309750)8

[16. INTERNAL CONTROL 18](#_Toc382309752)

[17. EARMARKED RESERVES](#_Toc382309753) 19

[18. RISK MANAGEMENT 2](#_Toc382309752)1

[19. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS 2](#_Toc382309753)1

These Financial Regulations were adopted by Full Council on 30th March 2022

**1 GENERAL**

* 1. These Financial Regulations govern the conduct of financial management by the Town Council and may only be amended or varied by resolution of Full Council. Financial Regulations are one of the Town Council’s three governing policy documents providing procedural guidance for members and officers. Financial Regulations must be observed in conjunction with the Town Council’s Standing Orders.
  2. The Town Council is responsible in law for ensuring that its financial management is adequate and effective and that the Town Council has a sound system of internal control, which facilitates the effective exercise of the Town Council’s functions, including arrangements for the management of risk.
  3. The Town 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 Town Council meets these responsibilities and requirements.
  5. At least once a year, prior to approving the Annual Governance Statement, the Town 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 Town Council’s disciplinary policy
  7. Members of the Town 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 Full Council. The RFO;
     + acts under the policy direction of Full Council;
     + administers the Town Council's financial affairs in accordance with all Acts, Regulations and proper practices;
     + determines on behalf of the Town Council its accounting records and accounting control systems;
     + ensures the accounting control systems are observed;
     + maintains the accounting records of the Town Council up to date in accordance with proper practices;
     + assists the Town Council to secure economy, efficiency and effectiveness in the use of its resources; and
     + produces financial management information as required by the Town Council.
  9. The accounting records determined by the RFO shall be sufficient to show and explain the Town Council’s transactions and to enable the RFO to ensure that any income and expenditure account, statement of balances, record of receipts and payments and additional information, or management information prepared for the Town Council from time to time complies with the Accounts and Audit Regulations[[1]](#footnote-1).
  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 Town 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 Town Council; and
* wherever relevant, a record of the Town 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 Town 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 Full Council for approval to be written off without 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 Town 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 (£3,000);
     + 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 (TC) 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 Town Council must:
* determine and keep under regular review the bank mandate for all of the Town 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.
  2. 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).
  3. All references to authorisation in this document can be made by electronic means e.g. email, as well as hard signatures.

1. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)
   1. All accounting procedures and financial records of the Town 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 & Finance Manager (FM). 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 & General Purposes Committee.
   3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the Town Council contained in the Annual Governance & Accountability Return (AGAR), 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 Full Council within the timescales set by the Accounts and Audit Regulations.
   4. The Town 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 Town Council shall make available such documents and records as appear to the Town Council to be necessary for the purpose of the audit and shall, as directed by the Town Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Town Council considers necessary for that purpose.
   5. The internal auditor shall be appointed by Full Council and shall carry out the work in relation to internal controls required by the Town Council in accordance with proper practices.
   6. The internal auditor shall:

* be competent and independent of the financial operations of the Town Council;
* report to Full Council in writing, or in person, on a regular basis with a minimum of two annual written reports 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 Town Council.
  1. Internal or external auditors may not under any circumstances:
* perform any operational duties for the Town Council;
* initiate or approve accounting transactions; or
* direct the activities of any Town 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 three-year forecast of revenue and capital income and expenditure. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the Finance & General Purposes Committee (F&GP) 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 Full Council.
   3. The Town Council shall consider annual budget proposals in relation to the Town 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.
   4. The Town 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.
   5. 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 Full Council when setting the Annual Budget, subject to the requirements of the Town Council’s Standing Orders and Financial Regulations. No expenditure may be authorised that will exceed the amount provided in the revenue budget for a Committee Budget other than by resolution of Full Council. During the budget year, it is expected that Account Codes will vary to budget and that consequently Cost Centres will also vary. However, the Committee spend has to be within budget unless approved otherwise Full 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.
   2. In cases of extreme risk, determined by the Town Clerk, to the delivery of Town Council services, the Town Clerk may authorise revenue expenditure on behalf of the Town 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 Chair of the Town Council as soon as practicable thereafter. 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 & General Purposes Committee or Full Council.
   3. The salary budgets are to be reviewed at least annually during the budget setting process for the following financial year. 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.
   4. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Town Council is satisfied that the necessary funds are available and where necessary the requisite borrowing approval has been obtained subject to 4.2 above.
   5. All capital works shall be administered in accordance with the Town Council's Standing Orders and Financial Regulations relating to contracts.
   6. 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. For this purpose, material (significant) shall be in excess of £1,000 or 15% of the budget. Movements in earmarked reserves shall be approved by the Town Council as part of the budgetary control process.
3. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS
   1. The Town Council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by Full Council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
   2. All invoices for payment shall be examined, verified and certified by the budget manager and then the RFO or 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 Town Council in line with the Town Council’s Scheme of Delegation and the budgets set by the Town Council.
   5. The Finance Assistant (FA) shall prepare a schedule of payments to be made for at least two Councillors and the RFO, FM or Town Clerk to authenticate for compliance.
   6. Payments are authorised and signed by the RFO, FM or TC. A summary schedule of payments made will be made available, on the shared drive, to all Councillors following each payment process. 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. For each financial year the RFO shall draw up a list of due payments and Direct Debits which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively, PAYE and NI, Superannuation Fund and regular maintenance contracts) and the like for which the Town Council may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to. The list of such regular payments and Direct Debits shall be submitted to the Finance & General Purposes Committee on an annual basis.
   8. In respect of grants, the Finance & General Purposes Committee shall approve expenditure in accordance with the Grants Policy and within any limits set by the Town Council.
   9. Members are subject to the Code of Conduct that has been adopted by the Town 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 discloseable pecuniary or other interest, unless a dispensation has been granted.
   10. No employee or Councillor shall disclose any PIN or password, relevant to the working of the Town Council or its bank accounts, to any person not authorised in writing by the Town Council or a duly delegated Committee.
4. MAKING OF PAYMENTS
   1. The Town Council will make safe and efficient arrangements for the making of its payments
   2. Following authentication under Financial Regulation 5.5 above, the RFO, FM or TC shall give instruction that a payment shall be made.
   3. All payments shall be affected by electronic payment wherever possible. The Town Council shall where possible reduce the number of cheque payments.
   4. Cheques or orders for payment drawn on the bank account shall be signed/ authorised by two members of Town Council, and countersigned by the TC, RFO or FM. If a member who is also a bank signatory has declared a discloseable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that Councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.
   5. If thought appropriate by the RFO, payments may be made by variable direct debit provided that the list of direct debits made are given to at least two members of the Town Council at each month end for them to countersign. The approval of the use of a variable direct debit shall be renewed by resolution of the Town Council at least every two years.
   6. Where internet banking arrangements are made with any bank, the Town Clerk, RFO and FM shall be appointed as the Service Administrator or Nominee. The bank mandate approved by the Town Council shall identify a number of Councillors and officers who will be authorised to approve transactions on those accounts.
   7. Changes to account details for suppliers, may only be changed on written notification by the supplier and authorised by the FM, RFO or Town Clerk. This must be followed up with a phone call to the company via a telephone number found on their official website before any changes are made. A programme of regular checks of standing data with suppliers will be followed.
   8. Any Debit / Credit Card issued is to be used in accordance with the Town Council’s Purchase Ordering & Payment for Goods Policy.
   9. Regular back-up copies of records on any computer shall be made and stored off site.
   10. The FM shall provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the FM with a claim for reimbursement.
       1. 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 authorised signatories under 5.5 above.

1. PAYMENT OF SALARIES
   1. As an employer, the Town 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 Town 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 Town 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 Full Council otherwise than in accordance with the Scheme of Delegation.
   6. An effective system of personal performance management should be maintained for the senior officers.
2. LOANS AND INVESTMENTS
   1. All borrowings and financial arrangements shall be affected in the name of the Town Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Full Council as to terms and purpose. The application for approval and subsequent arrangements shall only be approved by Full Council.
   2. Any financial arrangement, which does not require formal borrowing approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets), shall be subject to approval by the Full Council. In each case a report in writing shall be provided to Full Council in respect of value for money for the proposed transaction.
   3. All loans and investments shall be negotiated in the name of the Town Council and shall be for a set period in accordance with Town Council policy.
   4. Full Council shall approve an Annual Investment Strategy, in accordance with relevant regulations, proper practices and guidance.
   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).
3. INCOME
   1. The collection of all sums due to the Town 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 Full Council, notified to the RFO and FM, the RFO shall be responsible for the collection of all accounts due to the Town Council.
   3. Full Council will review all fees and charges at least annually as part of the budget setting process.
   4. Any sums found to be irrecoverable and any bad debts shall be reported to Full 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 Town Council shall be banked intact as directed by the RFO and shall be deposited with the Town 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. Personal cheques shall not be cashed out of money held on behalf of the Town Council.
   7. The RFO or FM shall promptly complete the VAT Return quarterly.
   8. The RFO and FM 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.
   9. Where more than £500 is received, in cash, by the Town Council and it is not practical to immediately issue a receipt, the RFO and FM 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.
4. 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, the FM 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 Town 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.
5. 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 (viii) 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 Town Council;

for additional audit work of the external auditor up to an estimated value of £1,000 (in excess of this sum the Town Clerk and RFO shall act after consultation with the Chair of the 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. Where the Town Council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the Town Council shall comply with the relevant requirements of the Regulations[[2]](#footnote-2)
  2. The full requirements of the Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)[[3]](#footnote-3)
  3. 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 Full Council.
  4. Where three quotes are unobtainable and after assessment by the RFO or Town Clerk it is found to be for legitimate reasons, the decision to accept a quote from those presented, can be approved by the RFO in conjunction with the Town Clerk. The final acceptance will still be as per the table in 11.1l.
  5. Invitations to tender shall state the general nature of the intended contract and the Town 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 Town Clerk. Each firm tendering 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. Except as in 11.1 (i), see table 11.1 (k)
  6. All sealed tenders shall be opened at the same time on the prescribed date by the Town Clerk in the presence of at least one member of Town Council.
  7. All invitations to tender issued under this regulation shall be subject to the Town Council’s Standing Orders.
  8. The Town Council shall not be obliged to accept the lowest or any tender, quote or estimate.
  9. Electronic tenders can be accepted where specified by the Town Council for all contracts.
  10. Should it occur that the Town Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Town 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.
  11. 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 shown in the table below.

| **Estimated Value of purchase** | **Method of Procurement** | **Accepted by** |
| --- | --- | --- |
| £2,000  and  under | Best Practice and value for money in line with FR 10.3 – power to spend. | Budget holder |
| £2,001  to  £24,999 | Minimum 3 quotes - No quote should be accepted without approval from the Town Clerk or RFO.  Quotes can be received electronically. | Town Clerk/ RFO |
| £25,000  to  £49,999 | Minimum 3 quotations from at least three firms.  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 Town Council’s website and the Contracts Finder website within 24 hours of advertising elsewhere. Unless the Town 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.  Quotes can be received electronically. | Town Clerk/ RFO plus 1 Member of the Town Council (Chair of relevant Committee if possible) |
| £50,000  to  above | Minimum 3 quotations from at least three firms.  All contracts over £25,000 to be scrutinised by the Central Management Team prior to advertising of contract.  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 Town Council’s specification  (ii) the time, date and address for the submission of tenders  (iii) the date of the Town 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 Town Council’s website and the Contract Finder website within 24 hours of advertising elsewhere. Unless the Town Council chooses to use an existing list of approved suppliers (framework agreement). * The invitation to tender shall be advertised via the Town 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 refer to the terms of the Bribery Act 2010. * Quotes can be received electronically. * A minimum of three tenders shall be invited to tender. * Tenders shall be opened by the Town Clerk/Proper Officer in the presence of at least one councillor after the deadline for submission of tenders has passed. * The Town Council is not bound to accept the lowest tender. * The outcome of the tender process will be recorded in the Town Council’s tender file held by the Finance Manager and will be reported to the next appropriate meeting. | **£50,000- £199,000**  Town Clerk/RFO plus 2 Members of the Town Council (Chair plus 1 other member of the relevant committee or the Mayor if possible)    **ALL TENDERS OVER £200,000 TO BE ACCEPTED BY FULL COUNCIL** |
| In excess of £213,477 for services or £5,336,937public works contract | A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of £213,477 for a public service or supply contract or in excess of £5,336,937for 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 £426,955 for a supply, services or design contract; or in excess of £5,336,937 for a works contract. The value of these contracts is calculated over the whole lifetime of the contract inclusive of VAT | **ALL TENDERS OVER £200,000 TO BE ACCEPTED BY FULL 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 or FM 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 Full Council.
   3. Any variation to a contract, addition to, or omission from a contract must be approved by the Town Clerk to the contractor in writing, Full 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 Town Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Town Council. The RFO and FM 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 purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of Full Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £1,000.
   3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of Full Council, together with any other consents required by law. In each case a report in writing shall be provided to Full Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
   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 Full Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
   5. The RFO and FM 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 18), the RFO shall affect all insurances and negotiate all claims on the Town Council's insurers.
   2. Section Managers and the Town Clerk shall give prompt notification to the RFO and FM of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
   3. The RFO and FM shall keep a record of all insurances effected by the Town 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 Full Council at the next available meeting.
   5. All appropriate members and employees of the Town Council shall be included in a suitable form of security or fidelity guarantee insurance, which shall cover the maximum risk exposure as determined by Full 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 Town 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 Town Council shall be authorised, approved and paid in accordance with the law, proper practices and the Town Council’s Financial Regulations.
    2. The RFO or FM shall supply to each Councillor at each scheduled Finance & General Purposes Committee meeting, or on request, a statement to summarise:
       1. the Town Council’s aggregate income and expenditure for the year to date;
       2. the monthly balances held at the end of the period being reported

and a report 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 Town Council’s income and expenditure for the last quarter and the year to date for information; and
     2. to 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 Town Council (receipts and payments, or income and expenditure) for a year to 31 March. The Annual Governance & Accountability Return of the Town Council, which is subject to external audit, including the annual governance statement, shall be presented to Full Council for consideration and formal approval before 30 June each year.

1. EARMARKED RESERVES (EMR)
   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. All capital receipts will go into a Capital Receipts EMR, which can only be used for capital 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.

c. During the year end closedown procedures, when all income and expenditure is known, and having consulted with the Chair of the Finance & General Purposes Committee, the RFO will earmark any underspends on any appropriate budget as long as there are sufficient underspends in the overall Town Council budget. Any such decisions will be communicated promptly to the Finance & General Purposes Committee. Expenditure from these reserves must be approved by the RFO, in consultation with the Town Clerk. Any use of these Reserves will be reported to the next Finance & General Purposes Committee.

1. RISK MANAGEMENT
   1. The Town Council is responsible for putting in place arrangements for the management of risk. The Town Clerk shall prepare, for approval by Full Council, risk management policy statements in respect of all activities of the Town Council. Risk policy statements and consequential risk management arrangements shall be reviewed by Full Council at least annually.
   2. When considering any new activity, the Town Clerk and RFO shall prepare a draft risk assessment including risk management proposals.
2. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS
   1. It shall be the duty of the Town Council to review the Financial Regulations of the Town Council annually, where possible. The RFO and Town Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise Full Council of any requirement for a consequential amendment to these Financial Regulations.
   2. Town Council may, by resolution of Full Council duly notified prior to the relevant meeting of the Town 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 Town Council.

\* \* \*

1. Accounts and Audit (England) Regulations 2015 and any subsequent amendments and current regulations.

   [↑](#footnote-ref-1)
2. The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts [↑](#footnote-ref-2)
3. Thresholds currently applicable are:

   a) For public supply and public service contracts £213,477

   b) For public works contracts £5,336,937 [↑](#footnote-ref-3)