

# UCKFIELD TOWN COUNCIL



## FINANCIAL REGULATIONS

Issue No.	Date Agreed	Details of amendments
1	11 October 2005	Reissued in new format
2		Draft 6 (13 <sup>th</sup> May 2008)
3	27 May 2008	General Purposes Minute No. GP.010.05.08
4	17 August 2009	General Purposes Minute No. GP.017.08.09
5	18 April 2011	General Purposes Minute No. GP.104.04.11 Full review undertaken
6	13 April 2015	GP.70.04.15 Review and Update
7	15 August 2016	Amendment in response to updated model financial regulations
8	5 November 2018	Amendment in line with revised Standing Orders – GP Committee
9	9 March 2020	Proposed amendments in line with changes to NALC's Model Financial Regulations in 2019
10	25 April 2022	GP41.04.22 Approval of amendments presented to GP Committee in line with NALC Model Regulations
11	15 May 2023	Annual review – Annual Statutory meeting of the Council
12	20 May 2024	Annual review – Annual Statutory meeting of the Council FC.18.05.24
13	9 Sept 2024	FC.47.09.24 - Review in line with scheme of delegation

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## 1.0 GENERAL

- 1.1 These Financial Regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. Financial regulations are one of the council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders and any individual financial regulations relating to contracts. The Council is responsible in law for ensuring that its financial management is adequate and effective and that it has a sound system of financial control which facilitates the effective exercise of its functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These Financial Regulations are designed to demonstrate how the Council meets these responsibilities.
- 1.2 The post of Responsible Financial Officer (RFO) is a statutory office under section 151 of the Local Government Act 1972 and shall be appointed by the Council. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with all Acts, Regulations and proper practices. The RFO shall determine on behalf of the Council its accounting records and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the Council are maintained and kept up to date in accordance with proper practices. The RFO shall assist the council to secure economy, efficiency and effectiveness in the use of resources.
- 1.3 The RFO shall produce financial management information as required by the Council.
- 1.4 In these Financial Regulations:
- 'Accounts and Audit regulations' means the regulations issued under Sections 32, 43(2) and 46 of the Local Audit and Accountability Act 2014, or any superseding legislation, and then in force, unless otherwise specified.
  - 'Approve' refers to an online action, allowing an electronic transaction to take place.
  - 'Authorise' refers to a decision by the council, or a committee or an officer, to allow something to happen.
  - 'Proper practices' means those set out in the Practitioners Guide.
  - Practitioners Guide refers to the guide issued by the Joint Panel on Accountability and Governance (JPAG) and published by NALC in England
  - 'Must' and **bold text** refer to a statutory obligation the council cannot change.
  - 'Shall' refers to a non-statutory instruction by the council to its members and staff;
  - 'Value for money' means the public sector definition of value for money. Value for money is based not only on the minimum purchase price (economy) but also on the maximum efficiency and effectiveness of the purchase (the three 'E's') plus equity. Achieving value for money can be described as using public resources in a way that creates and maximises public value.

- 1.5 Section 150(5) of the Local Government Act 1972 which governed the stewardship of money held by local councils has been repealed. It required that 'every cheque or other order for the payment of money be signed by two members of the Council'. Although this requirement has been repealed it is felt that it still remains good practice and will be retained by the Council, for the relevant method of payment.
- 1.6 Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 1.7 Members of the 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 accounting control systems determined by the RFO shall include:
- procedures to ensure that the financial transactions of the council are recorded as soon as practicable and as accurately and reasonably as possible;
  - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct 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 expect 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.
- 1.9 **The council must not delegate any decision regarding:**
- setting the final budget or the precept (council tax requirement);
  - the outcome of a review of the effectiveness of its internal controls;
  - approving accounting statements;
  - approving an annual governance statement;
  - borrowing;
  - writing off bad debts;
  - declaring eligibility for the General Power of Competence, and'
  - addressing recommendations in any report from the internal and external auditors, shall be a matter for General Purposes Committee/Full Council accordingly.
- 1.10 In addition, the council shall:
- determine and keep under regular review the bank mandate for all council bank accounts;
  - authorise any grant or single commitment in excess of £5,000;
  - in respect of the annual salary for any employee have regard to the recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.

## **2.0 RISK MANAGEMENT AND INTERNAL CONTROL**

- 2.1 The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.
- 2.2 The Council is responsible for putting in place arrangements for the management of risk. The RFO or appropriate Officer 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 General Purposes Committee, for ratification by the Council at least annually.
- 2.3 When considering any new activity, the RFO or appropriate Officer shall prepare a draft risk assessment including risk management proposals for consideration by the General Purposes Committee.
- 2.4 At least once a year, prior to approving the Annual Governance Statement, and annual accounts, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 2.5 The council's accounting control systems determined by the RFO must include measures to:
- ensure that risk is appropriately managed;
  - ensure the prompt, accurate recording of financial transactions;
  - prevent and detect inaccuracy and fraud;
  - allow the reconstitution of any lost records;
  - identifying the duties of officers dealing with transactions and;
  - ensure division of responsibilities..;
  - that provide for the safe and efficient safeguarding of public money;

## **3.0 ACCOUNTING AND AUDIT**

- 3.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.
- 3.2 The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to disclose its financial position with reasonable accuracy at any time.  
Accounting records 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 assets and liabilities of the council, and;
  - wherever relevant, a record of the council's income and expenditure in relation to the claims made, or to be made, for any contribution, grant or subsidy.
- 3.3 The accounting records shall be designed to facilitate the efficient preparation of the accounting statements in the Annual Governance and Accountability Return.

- 3.4 The RFO shall be responsible for completing and certifying the annual statement of accounts, annual report, and any related documents of the Council contained in the Annual Governance and Accountability Return (as specified in proper practices) as soon as practicable after the end of the financial year. Having certified the accounting statements, the RFO shall submit them to and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.
- 3.5 Anti-Fraud and Corruption
- 3.5.1 In accordance with the Accounts and Audit Regulations the separation of duties of Officers dealing with financial transactions shall be carried out wherever practical, thus reducing the risk of fraud or suspicion of fraud.
- 3.5.2 Wherever possible arrangement shall be made to ensure that the same two Officers carry out no more than two of the following:-
- (a) The ordering of works, goods or services.
  - (b) The acknowledgement of their receipt,
- and
- (c) The examination and certification of invoices and accounts.
- 3.5.3 Wherever possible, Officers responsible for the examination and checking of records of cash transactions shall not be engaged in any of these transactions.
- 3.6 Audit
- 3.6.1 The RFO shall complete the Annual Accounts of the Council and shall submit the accounts for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- 3.6.2 **The council must ensure that there is an adequate and effective system of internal audit of its accounting records and internal control system in accordance with proper practices.**
- 3.6.3 **Any Officer or Member of the council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal 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.
- 3.6.4 The Internal Auditor shall be appointed by the council and shall carry out the work required by the Council to evaluate the effectiveness of the council's risk management, control and governance processes in accordance with proper practices specified in the Practitioners Guide.

- 3.6.5 The council shall ensure that the Internal Auditor:
- shall be competent and independent of the operations of the Council,
  - shall report to the General Purposes Committee 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, the Internal Auditor shall be free from any conflicts of interest, including those arising from family relationships, and;
  - have no involvement in the management or control of the Council.
- 3.6.6 Internal or external auditors may not under any circumstances:
- perform any operational duties;
  - initiate or approve accounting transactions;
  - provide financial, legal, or other advice including in relation to any future transactions'; or
  - direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor
- 3.6.7 For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as described in The Practitioners Guide.
- 3.6.8 The RFO shall make arrangements for the exercise of electors' rights in relation to accounts including the opportunity for inspection of the accounts, books, and vouchers, and associated documents for the display or publication of any notices and statements of account required by the relevant Acts and Regulations.
- 3.6.9 The RFO shall, as soon as practicable, bring to the attention of all Members any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative nature.
- 3.7 **Members' Audit**  
On a monthly basis one Member of the Council will carry out an audit in accordance with the Members' Audit Policy No. 63 and will report their findings to the next meeting of the General Purposes Committee. This audit incorporates spot checks of supplier invoices, customer invoices, timesheets, and bank reconciliation and verification to nominal code, as well as the petty cash for both Uckfield Town Council and Luxfords Restaurant.
- 3.8 At least once a quarter and at each financial year end, a member other than the Chairman shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date 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 be noted by General Purposes Committee when they review the member audits. This can form part of the existing member audit procedures.

#### **4.0 BUDGET AND PRECEPT**

- 4.1 **Before setting a precept, the council must calculate its council tax requirement for each financial year by preparing and approving a budget, in accordance with The Local Government Finance Act 1992 or succeeding legislation.**
- 4.2 Budgets for salaries and wages, including employer contributions shall be reviewed by General Purposes Committee at least annually in the autumn, for the following financial year and the final version shall be evidenced by a hard copy schedule signed by the Clerk and the Chair of the relevant committee.
- 4.3 Each committee shall formulate and submit draft annual budget proposals to the Council in respect of revenue and capital expenditure for the following financial year, not later than the end of December each year.
- 4.4 Detailed estimates of income and expenditure on revenue services and receipts and payments on capital accounts shall be prepared as part of this, taking account of the lifespan of assets and cost implications of repair or replacement in any forecasts.
- 4.5 The draft budget (with committee proposals and forecast), including the recommendations for the use and accumulation of reserves, shall be considered by the Finance Sub-Committee for recommendation to the Council.
- 4.6 Having considered the proposed budget and forecast, the Council shall review the estimates not later than the end of January each year and shall determine the council tax requirement by setting a budget. The council shall set a precept for this amount no later than the middle of January.
- 4.7 **Any member with council tax unpaid for more than two months is prohibited from voting on the budget or precept by Section 106 of the Local Government Finance Act 1992 and must disclose at the start of the meeting that Section 106 applies to them.**
- 4.8 **The RFO shall issue the precept to the billing authority no later than the end of February**, and supply each Member with a copy of the agreed budget.
- 4.9 The annual capital and revenue expenditure shall form the Council's budgets and the basis of financial control (monitoring progress and comparing actual spending and income against what was planned) for the ensuing year.
- 4.10 In considering its annual estimates the Council shall have regard to its current five year Strategic Plan, and Annual Plan.
- 4.11 Any withdrawal from, any earmarked reserve shall be agreed by the council or General Purposes Committee, or Environment & Leisure Committee. Any re-allocation of existing earmarked reserves, must be agreed by the council.



## **5.0 BUDGETARY CONTROL**

- 5.1 Expenditure on revenue items may be authorised up to the amounts included in the approved budget, and detailed in the regulations.
- 5.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that item of expenditure, unless first approved by the General Purposes Committee or the Urgent Consultation Panel. Unspent provisions in the revenue budget shall not be carried forward to a new financial year, unless moved to other budget headings or placed in an earmarked reserve by resolution of the General Purposes Committee.
- 5.3 The RFO shall regularly provide each 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.
- 5.4 The Estates & Facilities Manager, Assistant Town Clerk & RFO or Town Clerk may authorise expenditure which is necessary to carry out any repair, replacement, Health and Safety or other work, which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for expenditure. This is subject to a limit of £5,000 (exclusive of VAT). If time allows, the Clerk shall report the action or request for funding to the Urgent Consultation Panel. The outcome of the action taken by senior officers or decision taken by Urgent Consultation Panel, should be reported to the relevant committee.
- 5.5 Where expenditure is incurred in accordance with Regulation 3.4 above such sums shall be approved by the General Purposes Committee at the next available meeting.
- 5.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure, unless the relevant committee is satisfied that it is contained in the capital programme and that the necessary capital funds are available, or the requisite borrowing approval has been obtained. Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Clerk and where necessary also by the appropriate Chair.
- 5.7 All capital works relating to contracts shall be administered in accordance with the Council's Standing Orders and these Financial Regulations and contracts may not be disaggregated to avoid controls imposed by these regulations/

## **6.0 PROCUREMENT**

- 6.1 **All Members of the Council and Officers are responsible for obtaining value for money at all times.** An Officer procuring goods, services or works should 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

- 6.2 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 legal power being used shall be reported to the meeting at which the order is authorised so that the minutes can record the power being used.
- 6.3 Every contract, whether made by the Council or by a committee to which the power of making contracts has been delegated, shall comply with these Financial Regulations and no exception from any of the following provisions of these Regulations shall be made other than in an emergency.
- 6.4 For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Public Contracts Regulations 2015 or any superseding legislation (“the legislation”) must be followed in respect of the tendering, award and notification of that contract.
- 6.5 Where the estimated value is below the Government threshold, the council shall (with the exception of the items listed below in paragraph 6.12) obtain prices as follows:
- 6.6 For contracts estimated to exceed £60,000 including VAT, the Clerk shall seek formal tenders from at least three suppliers agreed by the Council, or advertise an open invitation for tenders in compliance with any relevant provisions of the legislation. Tenders shall be invited in accordance with Appendix 1.
- 6.7 **For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation (*requiring councils to use the Contracts Finder website and to publicise the award of contracts over £30,000 including VAT, regardless of whether they are advertised*), regarding the advertising of contract opportunities and the publication of notices about the award of contracts.**
- 6.8 For any proposed contract for the supply of goods, materials, services and the execution of works or specialist services with an estimated value between £10,000 but not exceeding £30,000, the Town Clerk/Assistant Town Clerk & RFO or Estates & Facilities Managers shall invite quotations from at least three appropriate firms from a preferred list of contractors as set out in the Financial Regulations.
- 6.9 Where the value is of £10,000 or less in value, the Town Clerk or a duly approved Officer shall have authorisation to obtain such goods or services from an appropriate firm, but try and obtain three estimates to evidence online prices or recent prices from regular suppliers
- 6.10 For smaller purchases, the Clerk shall seek to achieve value for money.
- 6.11 **Contracts must not be split into smaller lots to avoid compliance with**

**these rules.**

- 6.12** The requirement to obtain competitive prices in these regulations need not apply to contracts that relate to items (i) to (v) below:-
- (i) For the supply of gas, electricity, water, sewerage and telephone services.
  - (ii) For specialist services such as are provided by legal professionals acting in disputes (solicitors, accountants, surveyors and planning consultants or other services) identifies to be of a specialist nature by the Town Clerk, Assistant Town Clerk & RFO or Estates & Facilities Manager;
  - (iii) For work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
  - (iv) For work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
  - (v) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed prices
- 6.13 When applications are made to waive financial regulations relating to contracts to enable tenders to be negotiated without competition, the reason shall be embodied in a recommendation to the General Purposes Committee. Avoidance of competition is not a valid reason.
- 6.14 Neither the Council, nor any committee is bound to accept the lowest or any tender, quote or estimate
- 6.15 Only the Town Clerk, Assistant Town Clerk & RFO, Estates & Facilities Manager or Hospitality Manager, may initiate orders which shall be endorsed by a second Officer. No individual member or group of members may issue an official order or make any contract on behalf of the council.
- 6.16 No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of the council or duly delegated committee acting within its Terms of Reference, except in an emergency or approval granted through the Urgent Consultation Panel.
- 6.17 In cases of serious risk to the delivery of council services or to public safety on council premises, the Estates & Facilities Manager, Assistant Town Clerk & RFO or Town Clerk may authorise expenditure on behalf of the council which is necessary to carry out any repair, replacement, Health & Safety or other work, subject to a limit of £5,000 (exclusive of VAT). If time allows, the Clerk shall report the action or request for funding to the Urgent Consultation Panel. The outcome of the action taken by senior officers or decision taken by Urgent Consultation Panel, should be reported to the relevant committee.

- 6.18 No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless the council or relevant committee is satisfied that the necessary funds are available and that where a loan is require, Government borrowing approval has been obtained first.
- 6.19 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, e.g. petty cash purchases. Where an order number is given verbally, a written order must be raised. Copies of all orders issued shall be retained.
- 6.20 Goods and services received shall be checked against the relevant copy of the purchase order. Access to the ordering programme shall be controlled by the RFO.
- 6.21 Invitations to tender shall state the period and the general nature of the intended contract and the Town Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. In addition, the invitation shall state that tenders must be addressed to the Town Clerk and the last date by which such tenders should reach the Town Clerk. Each tendering firm shall be supplied with a specially marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- 6.22 All sealed tenders shall be opened at the same time on the prescribed date by either theTown Clerk or Assistant Town Clerk & RFO or Estates & Facilities Manager in the presence of at least two Members of the Council.
- 6.23 The Officer shall record the details of the tender, the names and addresses of each tenderer, the amount or price of the tender, the time and place of opening, and the names and signatures of those present at the opening of the tenders. The above details shall be reported to the Council, or where the tenders have been sought by a committee to that committee.
- 6.24 If fewer than three tenders are received for contracts valued above £50,000 or if all the tenders are identical, the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- 6.25 Any invitation to tender issued under this Regulation shall contain a statement of the effect of Standing Orders Nos: 25.1. 25.2 and 25.3.
- 6.26 Should it occur that the council, or duly delegated committee, does not accept any tender, quote or estimate, that 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 undertaken.

## **7.0 BANKING AND PAYMENTS**

- 7.1 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 efficiency. The arrangements shall be reviewed annually for security and efficiency.
- 7.2 The council will make safe and efficient arrangements for the making of its payments to safeguard against the possibility of fraud or error.
- 7.3 All invoices for payment shall be examined for arithmetical accuracy, analysed to the appropriate expenditure heading and verified and certified by the Officer issuing the order. Before certifying an invoice, the Officer shall be satisfied that the works, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 7.4 Duly certified invoices shall be examined in relation to arithmetical accuracy and authorisation, and shall be coded to the appropriate expenditure head. The RFO or appropriate Officer shall take all possible steps to settle all invoices or statements submitted, and which are in order, within 30 days of their receipt, or earlier, or in such manner, (e.g. standing order, direct debit etc), if such payment results in benefit to the Council, subject to any initial instruction forms or letters being signed by two Members of the Council.
- 7.5 Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of employment) may be summarised to avoid disclosing personal information.
- 7.6 With the exception of the arrangements set out in Regulation 6.1, all certified invoices and payments shall be paid by BACs, drawn on the Council's accounts and all BACs payments shall be signed by two members of the Council. A schedule of payments, listed by committee heading, and signed by the same two Members of the Council, shall be provided and presented at the next meeting of the committee. 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.
- 7.7 Following authorisation under Financial Regulation 5, the council, a duly delegated committee or the Clerk or RFO shall give instruction that a payment shall be made.
- 7.8 Apart from petty cash, payments shall be effected by BACs or other order drawn on the Council's bankers.
- 7.9 All duly certified invoices will then be entered on the schedule of payments made and presented to the next meeting of the appropriate committee in accordance with Regulation 5.3.
- 7.10 All monies received by the Council, including Luxford's takings, shall be banked

daily and a full record made on the reverse of the paying-in slip. The paying-in and withdrawal of funds is now processed through the Post Office. The Town Clerk and Assistant Town Clerk were issued with debit cards for withdrawing funds from the Clerk account, in addition to 'change giving' cards to authorise the withdrawal of monies for petty cash purposes only.

7.11 Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have disclosable prejudicial interest or other interest, unless a dispensation has been granted.

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

## **8.0 PAYMENT CARDS**

8.1 Corporate credit card accounts must be set up to operate within defined limits and be specifically restricted to use by the Town Clerk, RFO and Estates & Facilities Manager. The credit card will be subject to automatic payment by direct debit in full from the main bank account each month. Personal credit or debit cards of members or staff shall not be used under any circumstances.

## **9.0 PETTY CASH**

9.1 The RFO or other appropriate Officer may authorise petty cash to Officers for the purpose of defraying operational and other expenses. Vouchers, relevant receipts or other supporting documentary evidence for payments made shall be forwarded to the RFO with a claim for reimbursement.

- (a) The RFO shall maintain a petty cash float of no more than £400 across the two tins for the purpose of defraying operational and other expenses incurred by the Council.
- (b) The RFO shall maintain a petty cash float of no more than £250 for the purpose of defraying operational and other expenses incurred by Luxfords Restaurant.
- (c) Re-imburement for sums over £50 from any petty cash float shall only be made by cheque.
- (d) Income received must not be paid into the petty cash float but must be separately banked as provided in Regulation 9.
- (e) Management of petty cash will be in accordance with internal audit procedures.

## **10.0 ELECTRONIC PAYMENTS**

10.1 If thought appropriate by the council, payment for certain items may be made by BACs or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, are

retained and any payments are reported to the council as made. The approval of the use of BACs or CHAPS shall be renewed by resolution of the council at least every two years.

- 10.2 If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 10.3 Where a computer requires use of a PIN number or other passwords, for access to the council's records on that computer, a note shall be made of the PIN and passwords, and shall be handed to and retained by the Chair of the Council in a sealed dated envelope. This envelope may not be opened, other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN/or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
- 10.4 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 duly delegated committee.
- 10.5 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer and preferably off site.
- 10.6 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.
- 10.7 Where internet banking arrangements are made with any bank, the RFO shall be appointed as Service Administrator, alongside the Town Clerk. The bank mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals. The Service Administrator shall set up all items due for payment online. A list of payments for approval, together with copies of the relevant invoices, shall be presented to two authorised signatories.
- 10.8 In the prolonged absence of the Service Administrator, the Clerk shall set up any payments due before the return of the Service Administrator.
- 10.9 Two councillors who are authorised signatories shall check the payment details against the invoices before approving each payment using the online banking system. Evidence shall then be retained showing which members approved the payment online.

- 10.10 A full list of all the payments made will then be presented to the next relevant standing committee.
- 10.11 Access to any internet banking accounts will be directly to the access page, and not through a search engine or e-mail link. Remembered or saved password 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.
- 10.12 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 two signatories (Town Clerk/RFO or authorised member signatory). This is a potential area for fraud and the individuals involved should ensure that any change is genuine. A programme of regular checks of standing data with suppliers will be followed.
- 10.13 If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by ~ variable direct debit provided that the instructions are signed by two members and any payments are reported to the relevant committee. The approval of the use of a variable direct debit shall be renewed by resolution by the relevant committee at least every two years.
- 10.14 If thought appropriate by the council, payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to council as made. The approval of the use of a banker's standing order shall be renewed by resolution of the council at least every two years.
- 10.15 Members and officers shall ensure that any computer used for the council's financial business has adequate security, with anti-virus, anti-spyware and firewall software installed and regularly updated.

## **11.0 PAYMENT OF SALARIES AND WAGES**

- 11.1 **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 salaries shall be as agreed by the Council.
- 11.2 **Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.**
- 11.3 Payment of salaries and payment of deductions from salary such as may be made for tax, National Insurance and pension contributions, or similar statutory or discretionary deductions may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available council meeting,



as set out in these regulations above.

- 11.4 No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of General Purposes Committee.
- 11.5 All time sheets where applicable shall be in a form prescribed by the RFO and certified as to their accuracy by the member of staff and countersigned by the appropriate manager.
- 11.6 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;
  - (d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 11.7 Appropriate Officers shall notify the RFO as soon as possible of all matters affecting the payment of salaries and wages and in particular:-
- Appointments, resignations, retirements, dismissals, suspensions, secondments and all other staff movements.
  - Absences from duty for sickness or other reasons.
  - Information necessary to maintain records of service for superannuation, income tax and national insurance.
  - Changes in remuneration, allowances or working times.
- 11.8 The RFO and the Town Clerk are authorised to make payments of salaries and wages through 'Bankline' subject to such initial permission being signed by two Members of the Council. 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.
- 11.9 In the event of emergencies where no two authorised Officers are available to make such payments, the RFO or Town Clerk shall request two Members of the Council to be present.
- 11.10 The salary budgets are to be reviewed at least annually for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chair of the Council or relevant committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time. This forms part of the annual

budget setting process.

- 11.11 An effective system of personal performance management should be maintained for the senior officers.
- 11.12 Termination payments shall only be authorised by General Purposes Committee and before employing interim staff, General Purposes Committee must consider a full business case.

## **12.0 LOANS AND INVESTMENTS**

- 12.1 All loans and investments shall be negotiated by the RFO in the name of the Council, and shall be for a set period of time in accordance with any appropriate Council Policy. Changes to loans and investments should be reported to the General Purposes Committee at the earliest opportunity.
- 12.2 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 General Purposes Committee. In each case a report in writing shall be provided, in respect of value for money for the proposed transaction.
- 12.3 The Council's Investment Policy (No. 45) in accordance with Statutory Guidance on Local Government Investments, shall be written in accordance with relevant regulations, proper practices and guidance and shall be reviewed by the council at least annually. Prior to the receipt of the precept instalment every six months, the Finance Sub-committee may if required, provide information to the General Purposes Committee on the possible investment of these funds.
- 12.4 All investments of money under the control of the Council shall be in the name of the Council.
- 12.5 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 Council as to terms and purpose and subsequent arrangements for the loan shall only be approved by full council. The terms and conditions of borrowings shall be reviewed at least annually.
- 12.6 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 12.7 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 these regulations.

### **13.0 INCOME**

- 13.1 The collection of all sums due to the Council shall be the responsibility of, and under the supervision of the RFO.
- 13.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts due to the Council.
- 13.3 Appropriate committees will review their fees and charges annually following a report by the RFO or other appropriate Officer.
- 13.4 All accounts due will be collected in accordance with these Regulations and any sums found to be irrecoverable or any subsequent bad debts shall be reported to the General Purposes Committee:

Overdue accounts and bad debts shall be treated in the following manner:-

- (i) Customers with outstanding accounts at 90 days shall be passed to a registered debt collector following a final seven day warning at the discretion of the RFO or appropriate Officer of the Town Council.
  - (ii) Any bad debts that cannot be recovered shall be referred to the General Purposes Committee for authorisation to be written off or for authorisation to make arrangements to collect the debt in other ways.
- 13.5 All sums received on behalf of the Council shall either be submitted to the RFO for banking or to the appropriate Officer collecting the money as directed by the RFO. In all cases all receipts shall be deposited with the Council's bankers in accordance with Regulation 5.2 or in such manner as subsequently directed by the Council's Internal Auditor.
- 13.6 A reference to the related invoice, or otherwise, indicating the origin of each receipt, shall be entered on the paying-in slip.
- 13.7 All sums received by BACS will be made available for scrutiny for subsequent audits.
- 13.8 Every transfer of official money from one member of staff to another shall be checked and signed for by the receiving Officer.
- 13.9 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.
- 13.10 Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the General Purposes Committee 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.

- 13.11 Personal cheques shall not be cashed out of money held on behalf of the Council.

#### **14.0 PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

- 14.1 Where contracts provide for payments by instalments, the RFO shall maintain a record of all such payments, which shall be made within the time specified in the contract, by the RFO upon receipt of authorised certificates issued by the architect or other consultants engaged to supervise the contract and a valid claim for payment from the contractor. (Subject to any percentage withholding as may be agreed in the particular contract).
- 14.2 Any variation to a contract, or addition to, or omission from a contract must be authorised by the Town Clerk to the contractor in writing. The Council or appropriate committee should be informed where the final cost is likely to exceed the contract sum by 5% or more, or likely to exceed the budget available.

#### **15.0 STOCKS, STORES AND EQUIPMENT**

- 15.1 The Officer in charge of each section shall be responsible for the care and security of all relevant buildings, furniture, equipment, cash, stocks and stores in that section.
- 15.2 Appropriate Officers shall ensure that all conditions of insurance are complied with in respect of cash, valuables and property.
- 15.3 Delivery notes or invoices must be obtained in respect of all goods received, and goods must be checked as to quantity and quality against the purchase orders at the time delivery is made.
- 15.4 Stocks and stores shall generally be maintained at the minimum levels consistent with operational requirements.
- 15.5 The RFO or appropriate Officer shall be responsible for periodic checks of stocks and stores at least annually.

#### **16.0 ASSETS, PROPERTIES AND ESTATES**

- 16.1 The Town Clerk shall make appropriate arrangements for the safe custody of all title deeds and Land Registry Certificates of properties owned by the Council.
- 16.2 The Estates & Facilities Manager and RFO shall ensure an appropriate and accurate Register of Assets and Investments is kept up to date, with a record of all properties held by the Council, recording the location, extent, plan, reference, purchase details, (where possible), nature of the interest, tenancies granted, rents payable and purpose for which held, in accordance with the current Accounts and Audit Regulations.

- 16.3 The continued existence of tangible assets shown on the register shall be verified at least annually with a safety inspection of assets.
- 16.4 No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consent 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 where required by law).
- 16.5 No property (interests in land) shall be purchased or otherwise acquired, sold, leased or otherwise disposed of without the authority of the council, together with any consents required by law, except where the estimated value of any one item does not exceed £500. 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).

## **17.0 INSURANCE**

- 17.1 Following the annual risk assessment (Financial Regulations 16.1 and 16.2), the RFO shall effect all insurances and negotiate all claims on the Council's insurers in consultation with the Clerk
- 17.2 The RFO shall keep a record of all insurances affected by the Council and the property and risks covered and annually review the Council's insurance requirements.
- 17.3 The RFO shall be notified of any loss, liability or damage or of any event likely to lead to a claim, and shall report to the appropriate committee at the next available meeting.
- 17.4 The appropriate Officer shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations effecting existing insurances.
- 17.5 All appropriate members and employees of the Council shall be included in suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council or duly delegated committee.

## **18.0 SECURITY AND MANAGEMENT OF INFORMATION**

- 18.1 Records of a financial nature shall be retained in accordance with a schedule of minimum periods to comply with tax and insurance requirements or other instructions or advice received from the appropriate authorities. Regardless of the above all records must be retained, as a minimum, until after the completion of each year's external audit.

18.2 The Council will comply with the Freedom of Information Act and any other appropriate Council policy or other applicable legislation that may be introduced or amended from time to time.

**19.0 REVISION OF FINANCIAL REGULATIONS**

19.1 It shall be the duty of the General Purposes Committee to review these Financial Regulations from time to time and following any change of Clerk or RFO. The Town Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the General Purposes Committee of any requirement for a consequential amendment to them.

19.2 The council, may, by resolution of the council duly notified prior to the relevant meeting of the 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 the council. Suspension does not disapply any legislation or permit the council to act unlawfully.

19.3 The council may temporarily amend these Financial Regulations by a duly notified resolution to cope with periods of absence, local government reorganisation, national restrictions or other exceptional circumstances.

## Appendix 1 - Tender process

- 1) Any invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases.
- 2) The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the council.
- 3) Where a postal process is used, each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk or Assistant Town Clerk & RFO or Estates & Facilities Manager in the presence of at least two members of council..
- 4) Where an electronic tendering process is used, the council shall use a specific email address that will be monitored to ensure that nobody accesses any tender before the expiry of the deadline for submission.
- 5) Any invitation to tender issued under this regulation shall be subject to Standing Order [34.5] and shall refer to the terms of the Bribery Act 2010.
- 6) Where 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, 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.