

MALVERN TOWN COUNCIL FINANCIAL REGULATIONS 2019

As adopted by Full Council on 25 September 2019

Next review date – August 2020

Contents

1.	General.....	2
2.	Accounting and audit (internal and external)	4
3.	Annual estimates (budget) and forward planning	5
4.	Budgetary control and authority to spend.....	5
5.	Banking arrangements and authorisation of payments.....	6
6.	Instructions for the making of payments.....	7
7.	Payment of salaries	9
8.	Loans and investments	10
9.	Income.....	10
10.	Orders for work, goods and services.....	11
11.	Contracts	12
12.	Payments under contracts for building or other construction works.....	13
13.	Stores and equipment.....	13
14.	Assets, properties and estates	14
15.	Insurance.....	14
16.	Charities	15
17.	Risk management.....	15
18.	Suspension and revision of financial regulations.....	15

Malvern Town Council is referred to as “the Council” in these Financial Regulations.

1. GENERAL

- 1.1. These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. Financial regulations are one of the Council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the Council's standing orders and any individual financial regulations relating to contracts.
- 1.2. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.
- 1.3. The Council's accounting control systems must include measures:
 - for the timely production of accounts;
 - that provide for the safe and efficient safeguarding of public money;
 - to prevent and detect inaccuracy and fraud; and
 - identifying the duties of officers.
- 1.4. These financial regulations demonstrate how the Council meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Governance Statement, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 1.7. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute.
- 1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council. The Town Clerk has been appointed as RFO for this Council and these regulations will apply accordingly.
- 1.9. The RFO:
 - acts under the policy direction of the Council;
 - administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines on behalf of the Council its accounting records and accounting control systems;
 - ensures the accounting control systems are observed;
 - maintains the accounting records of the Council up to date in accordance with proper practices;
 - assists the Council to secure economy, efficiency and effectiveness in the use of its resources; and
 - produces financial management information as required by the Council.

- 1.10. The accounting records determined by the RFO shall be sufficient to show and explain the Council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the Council from time to time comply with the Accounts and Audit Regulations.
- 1.11. The accounting records determined by the RFO shall in particular contain:
- entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate;
 - a record of the assets and liabilities of the Council; and
 - wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.12. The accounting control systems determined by the RFO shall include:
- procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
 - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
 - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions; (See FR4 for authority to spend)
 - procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the Council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and (See FR9.4 for authority on bad debt write off)
 - measures to ensure that risk is properly managed.
- 1.13. The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:
- setting the final budget and the precept (Council Tax Requirement);
 - approving accounting statements;
 - approving an annual governance statement;
 - borrowing;
 - declaring eligibility for the General Power of Competence; and
 - addressing recommendations in any report from the internal or external auditors,
- shall be a matter for Full Council only.
- 1.14. In addition the Council must:
- determine and keep under regular review the bank mandate for all Council bank accounts;
 - approve any grant or a single commitment in excess of £5,000; and
 - in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the Policy and Resources Committee in accordance with its terms of reference.

- 1.15. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.
- 1.16. 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).

2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

- 2.1. All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 2.2. At the end of each financial year, the internal auditor will verify bank reconciliations (for all accounts) produced by the RFO and/or other delegated officer of the Council. The internal auditor shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification.
- 2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the Council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.
- 2.4. The Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the Council shall make available such documents and records as appear to the Council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Council considers necessary for that purpose.
- 2.5. The internal auditor shall be appointed by the Council and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices.
- 2.6. The internal auditor shall:
- be competent and independent of the financial operations of the Council;
 - report to the Council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
 - demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - have no involvement in the financial decision making, management or control of the Council.
- 2.7. Internal or external auditors may not under any circumstances:
- perform any operational duties for the Council;
 - initiate or approve accounting transactions; or
 - direct the activities of any Council employee, except to the extent that such employees have been appropriately assigned to assist the auditors.

- 2.8. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 2.9. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.10. The RFO shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

- 3.1. The RFO will, in conjunction with each committee, formulate budget requirements as necessary to be included within the draft budget to be prepared and recommended by Policy and Resources Committee no later than 31st December of each year. This budget will then be submitted to Full Council for resolution.
- 3.2. The RFO must each year, by no later than 31st December, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Policy and Resources Committee.
- 3.3. Policy and Resources Committee and then subsequently Full Council shall consider annual budget proposals in relation to the Council's forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding.
- 3.4. The Council shall fix the precept (Council Tax requirement), and relevant basic amount of Council tax to be levied for the ensuing financial year not later than the end of January each year. The Town Clerk shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.5. The approved annual budget shall form the basis of financial control for the ensuing year.

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:
 - Full Council for all items over £25,000;
 - a duly delegated committee of the Council for items between £10,000 and £25,000; or
 - the Town Clerk, for any items below £10,000.

Contracts may not be disaggregated to avoid controls imposed by these regulations.

- 4.2. Expenditure of less than 5% or £500 outside of the budget amount to be approved by the Town Clerk provided that this expenditure can be contained within the overall Annual Budget.
- 4.3. Expenditure of between 5% and 10% or £500 and £5,000 (whichever is greater) outside of the budgeted amount can be approved by the appropriate committee.
- 4.4. Any larger overspend must be approved by Full Council following a written report from the Town Clerk.

- 4.5. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.6. The salary budgets are to be reviewed annually as part of the budgeting process for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Town Clerk and the Chairman of the Policy and Resources Committee. The Town Clerk will inform the Policy and Resources Committee of any changes impacting on their budget requirement for the coming year in good time.
- 4.7. The Town Clerk or in his/her absence, the Operations Manager, may do the following:
- Authorise payment of the payroll, on a monthly basis subject to any one month not exceeding one twelfth of the total budgeted sum, subject to overtime and pay rise adjustments within the overall budget.
 - In cases of extreme risk to the delivery of Council services, authorise revenue expenditure on behalf of the Council which in the Town Clerk's or Operations Manager'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 £10,000.

All expenditure should be reported as part of the next quarterly accounts submitted to Policy and Resources Committee.

- 4.8. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.
- 4.9. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 4.10. The RFO shall provide the Council with a statement of receipts and payments to date under each budget heading, comparing actual expenditure to the appropriate date against that planned as shown in the budget as part of the quarterly accounts reporting process. 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 15% of the budget headings.
- 4.11. Changes in earmarked reserves shall be approved by Council either as part of the budgetary control process or as part of a review of reserves approaching financial year end.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 5.1. The Council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by Full Council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
- 5.2. The RFO and/or other delegated officer of the Council shall prepare a schedule of payments requiring authorisation, which will be signed by two authorised signatories from those approved as part of the Bank Mandate before any payment can be made. Such signatories should also carry out random checks on items within the payment schedule to ensure compliance between the presented payment list and any backup paperwork such as invoices, orders and delivery notes.

- 5.3. All invoices for payment shall be examined, verified and certified by the RFO and/or other delegated officer of the Council to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents approved expenditure.
- 5.4. The RFO and/or other delegated officer of the Council shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. All steps shall be taken to ensure that all invoices submitted, and which are in order, are paid in accordance with supplier payment terms as stated on each invoice.
- 5.5. Payments by internet banking will be effected by two Council officers. One officer to post the payment ready for approval, the second as RFO to give authorisation to process the payment. Once these transactions have been made, they should be recorded on the payment schedule, initialled by the officers concerned.
- 5.6. Each signed payment schedule will then form part of the Agenda for the next meeting of Policy and Resources Committee, as part of the monthly cash report or quarterly accounts. Salary payments will be excluded from this list.
- 5.7. In respect of grants, Policy and Resources Committee shall approve expenditure within any limits set by Council and in accordance with any policy statement approved by Council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of the Council.
- 5.8. Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

- 6.1. The Council will make safe and efficient arrangements for the making of its payments.
- 6.2. Following authorisation under Financial Regulation 5 above, Full Council, a duly delegated committee or, if so delegated, the Town Clerk or RFO shall give instruction that a payment shall be made.
- 6.3. All payments shall be effected by the preferred option of internet banking transfer, where possible or otherwise by cheque or by other instructions to the Council's bankers, or otherwise, in accordance with a resolution of Council.
- 6.4. Authorisations for payment or cheques drawn on the bank account in accordance with the schedule shall be signed by two members of Council as per the bank mandate authorising signatories. If a member who is also a bank signatory has a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that Councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and/or permissible to be a signatory to the transaction in question.
- 6.5. To indicate agreement of the details shown as an order of payment on the payments schedule, Councillors shall sign and date the bottom of each schedule. Authorised signatories shall also be required to carry out a check on at least 20% of items on each payment schedule. Invoices and other supporting documentation will be made available to be checked upon request and signatories should initial the payments schedule next to each item checked to confirm that this has been done.

- 6.6. Authorisations for payment shall be signed by at least two Councillors from the list of mandated signatories approved by the Council with payments being raised as often as required to meet supplier payment terms. All payments schedules shall be reported to Policy and Resources Committee at the next convenient meeting.
- 6.7. If thought appropriate by the Council, payment for utility supplies (energy, telephone and water), any National Non-Domestic Rates and mobile telecommunications charges may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to the next meeting of Policy and Resources Committee. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Council at least every two years.
- 6.8. 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 next meeting of Policy and Resources Committee. The approval of the use of BACS or CHAPS shall be renewed by resolution of the Council as part of the Annual Council meeting each year.
- 6.9. The preferred option for payment for items will be made by internet banking transfer and evidence will be retained showing which two signatories approved the payment.
- 6.10. Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the Council's records on that computer, a note shall be made of the PIN and passwords and shall be kept in the Council's safe in a sealed dated envelope. This envelope may not be opened other than by the Mayor in the presence of two other Councillors. After the envelope has been opened, in any circumstances, the PIN and/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.
- 6.11. No employee or Councillor shall disclose any PIN or password, relevant to the working of the Council or its bank accounts, to any person not authorised in writing by the Council or a duly delegated committee. Employees with internet banking access shall not disclose their password to any other member of staff or Councillor.
- 6.12. Daily back-up copies of the records on any computer shall be made and shall be stored securely away in a fireproof safe. The back-up taken on Thursday shall be stored in the cemetery office or another suitable off-site location for the following week.
- 6.13. The Council, and any members using computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.14. Where internet banking arrangements are made with any bank, the Town Clerk shall be appointed as the Service Administrator. The bank mandate approved by the Council shall identify a number of Councillors who will be authorised to approve transactions on those accounts.
- 6.15. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for Council banking work. Breach of this regulation will be treated as a very serious matter under these regulations.
- 6.16. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy

authority for change signed by the Town Clerk. A programme of regular checks of standing data with suppliers will be followed.

- 6.17. Any debit card issued for use will be specifically restricted to the Town Clerk and will also be restricted to a single transaction maximum value of £500 unless authorised by Policy and Resources Committee in writing before any order is placed. Transactions and purchases made will be reported to the next meeting of Policy and Resources Committee.
- 6.18. The RFO and/or Finance Officer may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement.
- a) The RFO shall maintain a petty cash float of no more than £500 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment and the float should be regularly reconciled.
 - b) Income received when above the level of £100 for one receipt must not be paid into the petty cash float, but must be separately banked into the Council's current bank account. When a number of receipts of under £100 are received in one day, officers must ensure that the petty cash float remains under £500 by banking excess money to the Council's current account as required.
 - c) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under 5.2 above.

7. PAYMENT OF SALARIES

- 7.1. As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by Full Council, or Policy and Resources Committee.
- 7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available Policy and Resources meeting, as set out in these regulations above.
- 7.3. Outside of the Town Clerk's delegations in relation to salaries, no changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Policy and Resources Committee.
- 7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded on a monthly payroll journal. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- a) by any Councillor who can demonstrate a need to know;
 - b) by the internal auditor;
 - c) by the external auditor; or
 - d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.

- 7.5. The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these financial regulations, to ensure that only payments due for the period have actually been paid.
- 7.6. An effective system of personal performance management should be maintained for the senior officers.
- 7.7. Any termination payments shall be supported by a clear business case and reported to Full Council for approval
- 7.8. Before employing interim staff the Policy and Resources Committee must consider a full business case.

8. LOANS AND INVESTMENTS

- 8.1. All borrowings shall be effected in the name of Malvern 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 Borrowing Approval and subsequent arrangements for the Loan shall only be approved by Full Council.
- 8.2. Any financial arrangement which does not require formal Borrowing Approval from the Secretary of State (such as Hire Purchase or Leasing of Tangible Assets) or is not delegated to the Town Clerk shall be subject to approval by 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.
- 8.3. The Town Clerk will ensure that there are regular reports on the level of investment(s) held by the Council; these will be submitted as part of monthly cash reporting to the Policy and Resources Committee. Any changes in the level of investment shall be reported to the Policy and Resources Committee and any proposals for new short-term or long-term investments shall be agreed by the Policy and Resources Committee.
- 8.4. All loans and investments shall be negotiated in the name of the Council and shall be for period as specified by Council resolution.
- 8.5. The Council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Council at least annually.
- 8.6. All investments of money under the control of the Council shall be in the name of Malvern Town Council.
- 8.7. All investment certificates and other documents relating thereto shall be retained in the custody of the Town Clerk.
- 8.8. Payments in respect of short-term or long-term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Banking Arrangements and Authorisation of Payments) and Regulation 6 (Instructions for the Making of Payments). Any payment from the Council's current account into a deposit account must be approved by two bank signatories. Release of short-term deposit funds back into the current account can be actioned by the Town Clerk subject to the cash flow needs of the Council.

9. INCOME

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

- 9.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by Full Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
- 9.3. The Council will review all fees and charges at least annually, as part of the annual budget process.
- 9.4. The RFO can write off debts considered to be irrecoverable up to a figure of £100 per debt and these should be reported to the next meeting of the Policy and Resources Committee. Any sums found to be irrecoverable above £100 shall be reported to the Policy and Resources Committee, whereby at their discretion, authorisation can be given for the debt to be written off, providing that reasonable attempts have been made to recover the outstanding amounts.
- 9.5. All individual sums of over £100 received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6. The origin of each receipt shall be entered on the paying-in slip.
- 9.7. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8. The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least quarterly with one quarter to coincide with the financial year end.
- 9.9. Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.
- 9.10. Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the Council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any Council meeting (see also Regulation 16 below).

10. ORDERS FOR WORK, GOODS AND SERVICES

- 10.1. An official order or letter shall be issued for all work, goods and services above £50. unless a formal contract is to be prepared or an official order would be inappropriate. All orders shall be signed by the Town Clerk and one other member of Council staff and copies of orders shall be retained.
- 10.2. Order books shall be controlled by the RFO.
- 10.3. All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, by quotations or estimates from appropriate suppliers as follows:
 - a) **Amounts below £500**, one quotation only.
 - b) **Amounts over £500 and below £5,000**, at least two quotations where possible, but at the RFO's discretion when this is not feasible.
 - c) **Amounts of £5,000 or above**, at least three quotations where possible, but at the RFO's discretion when this is not feasible.

- 10.4. A member may not issue an official order or make any contract on behalf of the Council.
- 10.5. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order.

11. CONTRACTS

- 11.1. All contracts entered into by the Council must 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 a) to f) below:
- a) for the supply of gas, electricity, water, sewerage and telephone services;
 - b) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - c) 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;
 - d) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
 - e) for additional audit work of the external auditor up to an estimated value of £500 (in excess of this sum the Town Clerk shall act after consultation with the Chairman and Vice Chairman of Full Council); and
 - f) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- 11.2. Where the 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 Council shall comply with the relevant requirements of the Regulations¹.
- 11.3. 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)².
- 11.4. When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- 11.5. Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- 11.6. 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 Council.

¹ 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

² Thresholds currently applicable are:

- a) For public supply and public service contracts 209,000 Euros (£181,302)
- b) For public works contracts 5,225,000 Euros (£4,551,413)

- 11.7. Any invitation to tender issued under this regulation shall be subject to Standing Order 18,³ and shall refer to the terms of the Bribery Act 2010.
- 11.8. When the Council wishes to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph 11.1, contracts will be approved subject to the following:
- a) **Contracts over £ £25,000:** Approval should be by Full Council with no delegation permitted.
 - b) **Contracts over £ £10,000 and under £ £25,000:** Approval by the Town Clerk in consultation with the Chairman of the Council and the Chairman of Policy and Resources Committee.
 - c) **Contracts below £ £10,000:** Approval by the Town Clerk.
 - d) **Contracts which cover a period of more than one year:**
 - Annual Spend over £5,000: Approval by Policy and Resources Committee
 - Annual Spend below £5,000: Approval by the Town Clerk
 - e) The Town Clerk shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £25,000 and above £2,500 the Town Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
 - f) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
 - g) Should it occur that the Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 12.1. Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Council.
- 12.3. Any variation to a contract or addition to or omission from a contract must be approved by Full Council and the Town Clerk to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

13. STORES AND EQUIPMENT

- 13.1. The officer in charge of each section (or as otherwise delegated by Full Council) shall be responsible for the care and custody of stores and equipment in that section.

³ Based on NALC's Model Standing Order 18d ©NALC 2018

- 13.2. Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made. Delivery notes should be forwarded to the Finance Officer as soon as possible to form part of the backup paperwork for verification of invoices.
- 13.3. Stocks shall be kept at the minimum levels consistent with operational requirements, or at a level that produces increased efficiency of resources.
- 13.4. The Operations Manager shall be responsible for periodic checks of stocks and stores at least annually and shall maintain and revise an annual inventory of equipment.

14. ASSETS, PROPERTIES AND ESTATES

- 14.1. The Town Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The RFO shall ensure a record is maintained of all properties held by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 14.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible moveable property does not exceed £1,500.
- 14.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law. In each case a Report in Writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case including an adequate level of consultation with the electorate where appropriate.
- 14.4. No real property (interests in land) shall be purchased or acquired without the authority of Full Council. In each case a Report in Writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case, including an adequate level of consultation with the electorate, where appropriate.
- 14.5. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

15. INSURANCE

- 15.1. Following the annual risk assessment (per Financial Regulation 17), the Town Clerk and/or nominated deputy shall effect all insurances, ensure details are up to date and negotiate all claims on the Council's insurers.
- 15.2. The Town Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.3. The Town Clerk shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall ensure that a record is kept of all such instances.
- 15.4. All appropriate members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the Council, or duly delegated committee.

16. CHARITIES

- 16.1. Where the Council is sole managing trustee of a charitable body, the RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and Legislation, or as determined by the Charity Commission. The RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

17. RISK MANAGEMENT

- 17.1. The Council is responsible for putting in place arrangements for the management of risk. The Town Clerk, with the Operations Manager, shall prepare for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 17.2. When considering any new activity the Town Clerk, with the Operations Manager, shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

18. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 18.1. It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Town Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.
- 18.2. The Council may, by resolution of the Council duly notified prior to the relevant meeting of Council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of Council.