

**EARL SHILTON TOWN COUNCIL (ESTC) - FINANCIAL REGULATIONS INDEX**

**Page No**

1.	GENERAL.....	2
2.	ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL).....	4
3.	ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING .....	6
4.	BUDGETARY CONTROL AND AUTHORITY TO SPEND.....	6
5.	BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS.....	8
6.	INSTRUCTIONS FOR THE MAKING OF PAYMENTS.....	9
7.	PAYMENT OF SALARIES.....	12
8.	LOANS AND INVESTMENTS .....	13
9.	INCOME.....	13
10.	ORDERS FOR WORK, GOODS AND SERVICES .....	14
11.	CONTRACTS.....	14
12.	PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION ETC .....	16
13.	STORES AND EQUIPMENT .....	16
14.	ASSETS, PROPERTIES AND ESTATES .....	17
15.	INSURANCE.....	17
16.	CHARITY MANAGEMENT - ESTC AS SOLE TRUSTEE.....	18
17.	INTERNAL CONTROLS & RISK MANAGEMENT .....	18
18.	SUSPENSION AND REVISION OF FINANCIAL REGULATIONS .....	18

## 1. GENERAL

- 1.1. Earl Shilton Town Council (ESTC) referred to in this document sometime as *Council* or *members* are the 'body corporate'. These Financial Regulations govern the conduct of financial management by the council and may only be amended or varied by a resolved motion 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 (see para 17.1 and Annex A to these Financial Regulations).
- 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. A breach of these Regulations by an employee may be construed as gross misconduct.
- 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 ESTC 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<sup>1</sup>.
- 1.11. The accounting records determined by the RFO shall in particular contain:
- entries from day to day of all sums of money received and expended by the council and the matters to which the income and expenditure or receipts and payments account relate;
  - a record of the assets and liabilities of the Council; and
  - wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.12. The accounting control systems determined by the RFO shall include:
- procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
  - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
  - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
  - procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the Council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and

---

<sup>1</sup> Accounts and Audit (England) Regulations 2015, Regulation 4. & Governance and Accountability for Smaller Authorities in England March 2016.

- measures to ensure that risk is properly managed.

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

- **setting the** final budget or the **precept** (council tax requirement);
- approving accounting statements;
- approving an Annual Governance Statement;
- borrowing;
- writing off bad debts;
- declaring eligibility for the General Power of Competence; and
- addressing recommendations in any report from the internal or external auditors,

shall be a matter for the ESTC 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 £1,000; and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.

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

In these ESTC 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), plus the Town Clerk.

## **2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)**

2.1. All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.

2.2. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman/cheque signatories shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. **The member shall**

**sign the reconciliations and the original bank statements** (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.

- 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 (**IA**) shall be appointed by and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices.
- 2.6. The IA shall:
  - be competent and independent of the financial operations of the Council;
  - report to Council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
  - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
  - have no involvement in the financial decision making, management or control of the Council.
- 2.7. Internal or external auditors may not under any circumstances:
  - perform any operational duties for the council;
  - initiate or approve accounting transactions; or
  - direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.8. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 2.9. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit

Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.

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

### **3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING**

- 3.1. Each committee of Council ideally shall review its three year forecast of revenue and capital receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the Council not later than the 2<sup>nd</sup> working week of January each year including any proposals for revising the forecast.
- 3.2. The RFO each year, should ideally by the first week of November but must by no later than the first working week of January each year; 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 relevant committee and the Council.
- 3.3. The Council shall consider annual budget proposals in relation to the Council's possible three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.4. The Council shall fix, (by resolved motion), the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year as directed by the Finance officers of Hinckley & Bosworth Borough Council (HBBC). The RFO shall issue the precept to the billing authority (HBBC) 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 may be authorised up to the amounts included for that class of expenditure in the approved budget (by cost centre and account code), General Reserves and Earmarked Reserves. This authority is to be determined by:
- Full Council for all items over £1500;
  - a duly delegated committee of the council for items over £1000; or
  - The Town Clerk, (or the *Office/Deputy Clerk* in the absence of the Town Clerk), in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £750.

Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Town Clerk/Office/Deputy Clerk, and where necessary also by the appropriate Chairman.

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

- 4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure (account code) other than by resolution of the Council, or duly delegated Committee of Council. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').
- 4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year. At the end of each financial year net unspent account code amounts will be, by a resolved motion of Full Council, transferred to *General Reserves* and/or an appropriate *Earmarked Reserve* by the closedown procedure of the RBS Accounting software system. If, exceptionally, account codes as a whole have been subject to a 'controlled' overspend by Full Council, the net shortfall will come from *General Reserves* and /or an appropriate *Earmarked Reserve*.
- 4.4. The salary budgets are to be reviewed at least annually in November, or as soon as practical after the *National Joint Council (NALC/SLCC)* promulgate the agreed salary award, for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chairman of Council or Staffing Committee recommendation to Full Council. The RFO will inform committees/working parties of any changes impacting on their budget requirement for the coming year in good time.
- 4.5. In cases of extreme risk to the delivery of council services, the Town Clerk may authorise revenue expenditure on behalf of the Council which in the Town Clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1000. The Town Clerk shall report such action to the Chairman and members as soon as possible by email and formally to the Full Council as soon as practicable thereafter. In the absence of the Town Clerk the Office/Deputy Clerk will fulfil this role.
- 4.6. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained – see Annex A, the Town Council's *Risk Assessment for Internal Control and Annual Governance*.
- 4.7. All capital works shall be administered in accordance with the Council's standing orders and Financial Regulations relating to contracts.

- 4.8. The RFO shall regularly provide the Council 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.
- 4.9. Changes in earmarked reserves shall be approved by council as part of the budgetary control process.

## **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 the Council; banking arrangements may not be delegated to a committee/working party. They shall be regularly reviewed for safety and efficiency.
- 5.2. The RFO shall prepare a schedule, (usually by agenda item), of payments having been authorised by 2 or more account signatories and paid, forming part of the Agenda for the Meeting, (Full Council or authorised 'spending' Committee), and, together with the relevant invoices, present the schedule to Council. The Council shall review the schedule for compliance and, having satisfied itself shall endorse payment by a resolution of the Council. The approved schedule shall be ruled off and initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Routine personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised monthly in arrears to remove public access to any personal information – see para 5.5.d. below.
- 5.3. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the Council.
- 5.4. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, and present full accounting (RBS software) records to the next Full Council.
- 5.5. The Town Clerk as RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
- a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the Town Clerk as RFO certify that there is no dispute or other reason to delay payment, provided that a



list of such payments shall be submitted to the next appropriate meeting of Council;

- b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council; or
- c) fund transfers within the Council's banking arrangements up to the sum of £25,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council.
- d) The payment of staff salaries, pension contributions, Tax and National Insurance payments. A list of such payments shall be submitted to the next appropriate meeting of the Council in accordance with 5.2 above.

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

5.7. In respect of ESTC *Volunteer Community Grants*; written requests as per the extant policy document a procedure stated on the ESTC application form will be considered by the next convenient Full Council after its receipt by the Town Clerk.

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.

5.9. The Council will aim to rotate the duties of members in these Financial Regulations so that onerous duties are shared out as evenly as possible over time. Additionally, it will re-enforce good internal control measures by ensuring separation of duties.

5.10. Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by checks made by the members of the Finance & Policy Working and or signatories to the bank accounts.

## **6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS**

6.1. The Council will make safe and efficient arrangements for the making of its payments.

6.2. Following authorisation under Financial Regulation 5 above, the Council, a duly delegated committee or, if so delegated, the Town Clerk as RFO shall give instruction that a payment shall be made.

6.3. All payments shall be effected by cheque, petty cash, direct debit, standing order, electronic banking, debit card or other instructions to the Council's bankers, or

otherwise, in accordance with a resolution of Council. In the case of payments of over £25k from the Natwest Current account at least 4 signatories are required.

- 6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council shall be signed by two members of council in accordance with a resolution instructing that payment. If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.
- 6.5. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 6.6. 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 Council as made. The approval of the use of a variable direct debit shall be renewed by resolution of the council at least every two years.
- 6.7. If thought appropriate by the Council, payment for certain items (principally salaries) may be made by cheque or electronic means provided that the instructions are signed, or otherwise evidenced by two members; are retained and any payments are reported to Council as made.
- 6.8. Reserved paragraph.
- 6.9. Reserved paragraph.
- 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 office safe, in a sealed dated envelope. This envelope may not be opened other than by the Chairman 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. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
- 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.
- 6.12. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.

- 6.13. The Council, and any members using computers for the ESTC'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* and where s/he has no personal interest, e.g. his/her salary/expenses; they may be a *Service Authoriser*. The Office/Deputy Clerk may be granted *Service Administrator* status by Council also. 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.
- 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 Financial 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, (or Office/Deputy Clerk if the Town Clerk is absent for any period of time), and will also be restricted to a single/aggregate transaction(s) maximum value of £500 per month unless authorised by Council in writing before any order is placed.
- 6.18. Reserved paragraph.
- 6.19. Any trade card account opened by the Council will be overseen by the Town Clerk, e.g. Buildbase and Allstar Fuels; Personal credit or debit cards of members or staff shall be used only rarely and for the sake of operational expediency when such expenditure has been authorised in accordance with these Financial Regulations.
- 6.20. The RFO may provide petty cash to members and fellow employees 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 normally approximately £250 for the purpose of defraying operational and other expenses however during events in the ESTC civic year such as *Shilton by the Sea*, *The Town Show* and *Christmas Lights* the *Petty Cash float* may rise to a sum of approximately £500. Vouchers for payments made from petty cash shall be kept to substantiate the payment.

- b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations. The exception to this rule is that some event income, particularly coinage, may be retained in petty cash from one event to another. This procedure will not only simplify the banking of takings but significantly reduce bank charges. Using the RBS accounting system in the normal way will not be affected by such transactions, i.e. recording of event income will still go to the correct account/code and cost centre even if received into petty cash.
- c) Payments to maintain the petty cash float shall be shown as an RBS accounts cashbook in its own right including payments in, out and transfers.

## **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 Council...
- 7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available Council meeting, as set out in these Financial Regulations above.
- 7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council.
- 7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (confidential cash book). 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 all member oversight of personal staff 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 the Council. Termination payments shall only be authorised by Full Council.
- 7.8. Before employing interim staff the Council must consider a full business case.

## **8. LOANS AND INVESTMENTS**

- 8.1. All borrowings shall be effected 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. The application for borrowing approval, and subsequent arrangements for the loan shall only be approved by the Full Council.
- 8.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State, (such as Hire Purchase or Leasing of tangible assets), shall be subject to approval by the Full Council. In each case a report in writing shall be provided to Council in respect of value for money for the proposed transaction.
- 8.3. Members of Council will ensure that original bank statements are kept, verified and reconciled for each month's transactions and that the *Petty Cash* is available for a surprise cash check at any time.
- 8.4. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.5. 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 the council. The Town Clerk/RFO and Office/Deputy Clerk will not be signatories to any investment account.
- 8.7. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 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 *Accounts & Audit Regulation 5* (Authorisation of payments) and Regulation 6 (Instructions for payments).

## **9. INCOME**

- 9.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 9.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council, e.g. Cemetery fees, sports pitch and field hire.

- 9.3. The Council will review all fees and charges at least annually, following a report of the Town Clerk or Office/Deputy Clerk.
- 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5. All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6. The origin of each receipt shall be entered 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 annually coinciding 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 in line with the Council's overarching insurance covers for fidelity and cash holdings in or out of the safe or specified normal working hours.

## **10. ORDERS FOR WORK, GOODS AND SERVICES**

- 10.1. An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 10.2. Order books shall be controlled by the RFO.
- 10.3. All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11.1 below.
- 10.4. A 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, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

## **11. CONTRACTS**

- 11.1. Procedures as to contracts are laid down as follows:

- a. Every contract shall comply with these Financial Regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation **need not apply to contracts which relate to items (i) to (vi) below:**
- i. for the supply of gas, electricity, water, sewerage and telephone services;
  - ii. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
  - 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 additional audit work of the external auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Deputy Chairman of Council); and
  - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- b. 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 Contract Regulations") which is valued at £25,000 (reduced from £50k) or more, the council shall comply with the relevant requirements of the Regulations<sup>2</sup>.
- c. The full requirements of The Contract 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)<sup>3</sup>.
- d. 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.
- e. Such invitation to tender shall state the general nature of the intended contract and the Town Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Town Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in

---

<sup>2</sup> 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

<sup>3</sup> Thresholds currently applicable are:

- a. For public supply and public service contracts £181,302.
- b. For public works contracts £4,551,413.

which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.

- f. 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.
- g. Any invitation to tender issued under this regulation shall be subject to Standing Orders 18.d. <sup>4</sup> and shall refer to the terms of the Bribery Act 2010.
- h. When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Town Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £100 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.
- i. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- j. 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 (PUBLIC WORKS CONTRACTS)**

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

---

<sup>4</sup> Based on NALC's model standing order 18d in Local Councils Explained © 2013 National Association of Local Councils



- 13.2. Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 13.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4. The RFO shall be responsible for periodic checks of stocks and stores at least annually.]

#### **14. ASSETS, PROPERTIES AND ESTATES**

- 14.1. The 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 movable property does not exceed £250.
- 14.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law. In each case a report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.4. No real property (interests in land) shall be purchased or acquired without the authority of the Full Council. In each case a report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 14.5. Subject only to the limit set in Regulation 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the Full Council. In each case a report in writing shall be provided to council with a full business case.
- 14.6. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

#### **15. INSURANCE**

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

- 15.2. The Town Clerk/RFO shall give prompt notification to the Council's insurers of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3. The Town Clerk/RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.4. The Town Clerk/RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Council at the next available meeting.
- 15.5. All appropriate members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually or ad hoc by the Council, or duly delegated committee.

## **16. CHARITIES MANAGEMENT – FUNDS, LEGAL & GENERAL**

- 16.1. **ESTC do not currently manage /act as sole trustee to any charitable entity.** Where the Council is sole managing trustee of a charitable body the Town Clerk/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 Town Clerk/RFO shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

## **17. INTERNAL CONTROLS & RISK MANAGEMENT**

- 17.1. ESTC is responsible for putting in place arrangements for the management of risk. The Town Clerk shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually through the Finance & Policy Working Party. ESTC's corporate Internal Control Finance Risk (governance) statement/schedule forms Annex A to these ESTC Financial Regulations.
- 17.2. When considering any new activity, the Town Clerk 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.

