

These Financial Regulations are based on model regulations updated by the National Association of Local Councils (NALC), 109 Great Russell Street London WC1B 3LD, last published in July 2019

BERKHAMSTED TOWN COUNCIL
Financial Regulations 2020-21 for England
Appendix 4 of Standing Orders

INDEX

1.	General.....	2
2.	Accounting and Audit (Internal And External).....	5
3.	Annual Estimates (Budget) and Forward Planning	6
4.	Budgetary Control and Authority to Spend	7
5.	Banking Arrangements and Authorisation of Payments.....	8
6.	Instructions for the Making of Payments	10
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 Works	16
13.	Assets, Properties and Estates.....	16
14.	Insurance	17
15.	Risk Management	17
16.	Suspension and Revision Of Financial Regulations	18

These Financial Regulations were last approved by the Council at its Meeting held on the 29 March 2021.

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 orders¹ 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 (which forms part of the Annual Return document) 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. At Berkhamsted Town Council the Town Clerk has been appointed as RFO and these regulations will apply accordingly. Where the term Clerk is used in these Regulations this refers to the person holding the position of Town Clerk and Responsible Financial Officer. If necessary, the Deputy Town Clerk can perform some of the duties of the Town Clerk and these are detailed in the regulations. In addition, the Town Council employs a Finance and Allotment Officer whose role includes the

¹ Model standing orders for councils are available from NALC

² Berkhamsted Town Council Financial Regulations
Last approved 29/03/2021

maintenance of the Council's accounts, provision of reports, receipt of payments, banking, payment of invoices, submitting VAT returns, maintenance of the asset register and the provision of information for the Clerk, Council, Committees, internal and external audit. The Finance and Policy Committee is referred in these Regulations as the F & P Committee.

1.9. The Clerk;

- 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;
- ensures that accounting records of the Council are 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 Clerk shall be sufficient to show and explain the Council's transactions and to enable the Clerk 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. (Berkhamsted Town Council utilises the Rialtas Business Services Omega computerised accounting programme.)

1.11. The accounting records determined by the Clerk 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 Clerk 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 Clerk and that the approvals are shown in the accounting records; and
- 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 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 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 £25,000; 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 financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils - a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group

(JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

- 2.1. All accounting procedures and financial records of the Council shall be determined by the Clerk in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 2.2. The Clerk shall verify bank reconciliations (for all accounts) on a monthly basis and shall similarly sign the reconciliations and the original bank statements (or similar document) as evidence of verification.
- 2.3. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Mayor or Chairman of the Finance and Policy Committee or a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the Finance Officer. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Finance and Policy Committee.
- 2.4. The Clerk shall complete 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 and having certified the accounts shall submit them and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.
- 2.5. 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 Clerk, internal auditor, or external auditor with such information and explanation as the Council considers necessary for that purpose.
- 2.6. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices.
- 2.7. The internal auditor shall:
 - be competent and independent of the financial operations of the council;
 - report to Council in writing, or in person, on a regular basis with a minimum of 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.

2.8. 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.

2.9. 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.

2.10. The Clerk 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.

2.11. The Clerk 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 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 not later than the end of November each year including any proposals for revising the forecast.

3.2. Each year the Clerk shall, by no later than early January, have prepared estimates of receipts and payments, reserves and sources of funding for the coming financial year in the form of a budget. This shall be considered by the Finance and Policy Committee and will then be submitted to the Full Council in mid-January for approval.

3.3. The Council shall consider these 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 and update the forecast accordingly.

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 by the end of January each year. The Clerk shall issue the precept to Dacorum Borough Council, 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.

BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 3.6. 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:
- i. the Council for all items over £25,000;
 - ii. the Finance and Policy Committee for items over £10,000;
 - iii. the Town Clerk, in conjunction with the Town Mayor or Chairman of the Finance and Policy Committee for any items below £10,000 but over £5,000;
 - iv. the Town Clerk or Deputy Town Clerk, for any items up to £5,000 that reasonably fall within the Town Council's planned budget and for other urgent items such as repairs, maintenance, health and safety.

Regarding items i and ii above the authorisation of such expenditure will be discussed at the appropriate Council or F & P Committee and resolutions minuted. For expenditure under item iii such authority is to be evidenced by an authorisation slip duly signed by the Clerk and either the Town Mayor or Chairman of the Finance and Policy Committee. The expenditure will then be an agenda item at the next available Council or F & P Committee and formally recorded in the minutes. Expenditure up to £5,000 will similarly be reported at the next available F & P Committee.

The above hierarchy of authorisation, particularly items iii and iv, are to ensure that projects can be actioned in a timely manner. It does not however prohibit items under £10,000 being discussed and approved at meetings prior to the expenditure taking place. Where time permits, this is encouraged.

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

- 3.7. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Council, or duly delegated committee. 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').
- 3.8. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year without prior approval from the F & P Committee or Full Council.
- 3.9. The salary budgets are to be reviewed as required and at least annually, in December, for the following financial year as part of the budgetary process to be approved by Full Council. The Clerk will inform committees of any changes impacting on their budget requirement for the coming year in good time.

- 3.10. In cases of extreme risk to the delivery of council services, the Clerk may authorise revenue expenditure on behalf of the Council which in the 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 £10,000. The Clerk shall report such action to the Chairman of the Finance and Policy Committee as soon as possible and to the Council or F & P Committee as soon as practicable thereafter.
- 3.11. 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 any requisite borrowing approval has been obtained.
- 3.12. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts. Reference should also be made to "A Guide to Understanding Procurement" published by NALC in April 2015.
- 3.13. The Clerk and Finance Officer 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 explanations of material variances shall be made by the Clerk at each F & P Committee. For this purpose, "material" shall be in excess of £500 or 20% of the budget.
- 3.14. Changes in earmarked reserves shall be approved by Council as part of the budgetary control process.

4. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 4.1. The Council's banking arrangements, including the bank mandate, shall be made by the Clerk and approved by the Council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
- 4.2. The Town Council's Investment Policy will be reviewed annually.
- 4.3. An analysis of income and expenditure and variances forming part of the agenda for each meeting of the F & P Committee (see 4.8 above). A receipts and payments schedule will be similarly prepared and presented at each meeting. These reports be circulated as part of the agenda. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.
- 4.4. It is not the practice at Berkhamsted Town Council to sign and authorise payments as a formal part of each meeting. Cheques and other payments will be authorised by two member signatories plus one officer in accordance with the relevant bank account mandate. Member and officer signatories will sign cheques, initial the relevant stub and the supporting documentation (eg invoice.)

All receipts and payments are reported at each F & P Committee.

- 4.5. On receipt of an invoice a payments authorisation template stamp will be applied by the Finance Officer who will also check the invoice for arithmetic accuracy and veracity. The Finance Officer will insert information relating to the invoice as detailed on the stamp, including the cost centre and nominal code and then, as necessary, prepare a cheque for payment (no cheque required for direct debits). The Clerk or Deputy Town Clerk will also sign the appropriate box within the stamp to certify that the invoice is accurate and to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure approved in accordance with 4.1 above.
- 4.6. To control and avoid the possibility of duplicate or missed payments, the Clerk will review the nominal ledger reports when making and entering payments. This is particularly important with regard to regular monthly or quarterly receipts and payments.
- 4.7. Cheque books and paying in books when not in use shall be secured in the locking cabinet in the finance office for that purpose.
- 4.8. The Clerk or Deputy Town Clerk 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 Clerk certifies 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 or F & P Committee;
- 4.9. For each financial year the Clerk should 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 or F & P Committee may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to.
- 4.10. In respect of grants the F & P Committee shall approve expenditure within any limits set by Council and in accordance with the 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.
- 4.11. 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 a disclosable pecuniary or other interest, unless a dispensation has been granted.
- 4.12. Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member.

- 4.13. The Council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.

5. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

- 5.1. The Council will make safe and efficient arrangements for the making of its payments as referred to in 5 above.
- 5.2. Payments shall be effected by cheque or other instructions to the Council's bankers, or otherwise, in accordance with these Financial Regulations. If so, delegated the Clerk or Deputy Town Clerk shall give instruction that a payment shall be made.
- 5.3. 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.
- 5.4. 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.
- 5.5. 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 member signatories and an officer signatory and any payments are reported to the F & P Committee as made. The approval of the use of a variable direct debit shall be renewed by resolution of the F & P Committee at least every two years.
- 5.6. 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 plus one officer 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.
- 5.7. 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 member bank signatories plus one officer signatory, are retained and any payments are reported to the F & P Committee as made. The approval of the use of BACS or CHAPS shall be renewed by resolution at least every two years.
- 5.8. If thought appropriate by the Council, payment for certain items may be made by internet banking provided evidence is retained showing which members approved the payment. Authorisation of online transactions will be completed by two authorised member bank signatories plus one officer signatory and any payments are reported to the F&P Committee as made. The approval of the use of internet banking shall be renewed by resolution at least every two years.
- 5.9. 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 handed to and retained by the Chairman of the F & P Committee 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 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.

- 5.10. 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.
- 5.11. 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.
- 5.12. 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.
- 5.13. 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.
- 5.14. Where internet banking arrangements are made with any bank, the 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. 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.
- 5.15. 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.
- 5.16. 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 authorised member signatories and the Clerk. A programme of regular checks of standing data with suppliers will be followed.
- 5.17. The 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 Finance Officer with a claim for reimbursement.

- a) The Finance Officer shall maintain a petty cash float of £225 for the purpose of defraying operational and other expenses. 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.
- c) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under 4.1 above.

6. PAYMENT OF SALARIES

- 6.1. 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, or duly delegated committee.
- 6.2. 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 regulations above.
- 6.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Finance and Policy Committee. Such changes may often emanate from the Support Services Group and will be ratified by Full Council.
- 6.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions may be recorded in a separate confidential record (confidential payroll file). 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.
- 6.5. 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.
- 6.6. An effective system of performance appraisal shall be in place for all staff.

- 6.7. Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by Council.
- 6.8. Before employing interim staff the council must consider a full business case.

7. LOANS AND INVESTMENTS

- 7.1. 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 full council.
- 7.2. 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.
- 7.3. 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.
- 7.4. 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.
- 7.5. All investments of money under the control of the Council shall be in the name of the Council.
- 7.6. All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk in a locked cabinet.
- 7.7. 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 Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).
- 7.8. The Town Council's investment policy will be reviewed annually.

8. INCOME

- 8.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Clerk.
- 8.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be reviewed annually by the Council or relevant committee, notified by the Clerk to the Finance Officer who will collect accounts due to the Council.
- 8.3. The Council will review all fees and charges at least annually, following a report of the Clerk.
- 8.4. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

- 8.5. All sums received on behalf of the Council shall be banked intact. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Clerk considers necessary.
- 8.6. Cash payments are not permitted.
- 8.7. The origin of each receipt shall be entered on the paying-in slip.
- 8.8. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 8.9. The Finance Officer shall promptly complete VAT Returns on a quarterly basis.

9. ORDERS FOR WORK, GOODS AND SERVICES

- 9.1. An official order, letter or e-mail 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, letters or e-mails shall be provided to the finance officer who will retain them with the relevant supporting documentation for the work, goods or services.
- 9.2. The purchase order book shall be held with the current year finance files. Orders may be placed by the Clerk, Deputy Town Clerk or Finance Officer and should be authorised by the Clerk or Deputy Town Clerk.
- 9.3. 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.
- 9.4. A member may not issue an official order or make any contract on behalf of the Council.
- 9.5. The Clerk or Deputy Town Clerk shall verify the lawful nature of any proposed purchase before the issue of any order.
- 9.6. The Clerk or Deputy Town Clerk shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or uncommon purchases or payments, the Clerk or Deputy Town Clerk 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.

10. CONTRACTS

- 10.1. Procedures as to contracts are laid down as follows and should be read in conjunction with standing order 18 "Financial Control and Procurement":
 - 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/RFO shall act after consultation with the Town Mayor and Chairman of F & P); and
 - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- b. Standing order 18 (c) states that Financial Regulations shall confirm that a proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of [£60,000] shall be procured on the basis of a formal tender as summarised in standing order 18(e) below.
- c. In addition, 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 Regulations².
- d. The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)³.
- e. 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.
- f. 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

² The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

³Thresholds 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)

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

- g. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of Council.
- h. Any invitation to tender issued under this regulation shall be subject to the provisions within Standing Orders 18⁴ and shall refer to the terms of the Bribery Act 2010.
- i. 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 Clerk, Deputy Clerk or officer shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £6,000 and above £2,000 the Clerk or officer shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.
- j. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- k. 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.

11. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS (PUBLIC WORKS CONTRACTS)

- 11.1. Payments on account of the contract sum shall be made within the time specified in the contract by the Clerk 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).
- 11.2. Where contracts provide for payment by instalments the Clerk 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.
- 11.3. Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

12. ASSETS, PROPERTIES AND ESTATES

- 12.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The Clerk 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.

- 12.2. 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 £1,000.
- 12.3. 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).
- 12.4. 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).
- 12.5. Subject only to the limit set in Regulation 13.2 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.
- 12.6. The Clerk shall ensure that the Finance Officer makes an appropriate and accurate Register of Assets and Investments that 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.

13. INSURANCE

- 13.1. Following the annual risk assessment (per Regulation 15), the Clerk shall effect all insurances and negotiate all claims on the council's insurers.
- 13.2. The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 13.3. The Clerk 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.
- 13.4. 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 by the Council, or duly delegated committee (F & P

14. RISK MANAGEMENT

- 14.1. The Council is responsible for putting in place arrangements for the management of risk. The Clerk or Deputy Town Clerk shall prepare, for approval by the Full Council, a risk Register and Assessment policy statements in respect of all activities of the council. This document and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 14.2. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

15. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 15.1. It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Clerk or Deputy 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.
- 15.2. 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.