



## **Belper Town Council**

# Financial Regulations

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## 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 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
  - that identify 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 risk 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.
- 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;
- 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 2015.

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, in particular, 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
- 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 £5,000; 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 & Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 199, 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 & 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 & AUDIT (INTERNAL & 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 Chairperson 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 documents 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) after the end of the financial year an, 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, 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 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 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 BUDGET AND PRECEPT DEMAND**

3.1 The Council shall review its three-year forecast of revenue/capital receipts/payments. Each committee shall regularly review its annual forecast of revenue and capital income and expenditure. Having regard to the forecast, each committee shall formulate and submit proposals for the following financial year to the Finance, Governance & Staffing Committee not later than the end of October each year including any proposals for revising the forecast.

- 3.2 The RFO must each year, by no later than the end of October, prepare detailed estimates of all income and expenditure including the use of earmarked reserves, general reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Finance, Governance and Staff Committee.
- 3.3 The Finance, Governance & Staff Committee shall recommend the budget to council who shall consider the proposed budget not later than the end of December each year.
- 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 RFO 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 budget shall form the basis of financial control for the ensuing financial 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:
  - the council for all items over £5,000;
  - a duly delegated committee of the council for items over £1,000, subject to items being in an existing budget heading; or
  - the Town Clerk for any items below £1,000

Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Town Clerk.

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

- 4.2 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').
- 4.3 Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.4 The salary budget are be reviewed by the end of October each year for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Mayor or relevant Committee.



- 4.5 The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.6 In cases of extreme risk to the delivery of Council services, the Town Clerk, in conjunction with the RFO, may incur emergency expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work, whether or not there is any budgetary provision for the expenditure. The Town Clerk shall report such action to the Chair of Council as soon as possible and to the Council as soon as possible thereafter.
- 4.7 No expenditure shall be incurred in relation to any capital project, and no contract entered into or tender involving capital expenditure be accepted, unless the RFO confirms that the necessary funds are available or the requisite borrowing approval has been obtained.
- 4.8 All capital works shall be administered in accordance with the Council's Standing Orders and these Financial Regulations relating to contracts.
- 4.9 Other capital funding may be produced when the Council sells equipment or property. The funds raised by this method cannot be held against revenue requirements. Consideration should be given as to whether such funds should be earmarked for capital projects or used to repay any outstanding loans.
- 4.10 The RFO shall provide the council with a monthly statement of income and expenditure to date under each budget heading, comparing actual expenditure to the appropriate date against that planned as shown in the budget. Explanations of actual or material variances in excess of 15% of the budget shall be brought to the attention of the council.
- 4.11 Changes in earmarked reserves shall be approved by council as part of the budgetary control process.

## **5 BANKING ARRANGEMENTS & 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. They shall be regularly reviewed for safety and efficiency.
- 5.2 All invoices presented 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.
- 5.3 The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading.

- 5.4 The RFO shall prepare schedules of payments requiring authorisation, forming part of the Agenda for each Council Meeting and ensure that the relevant documents are available at the meeting so that all Councillors have the option to view. The council shall review the schedules for compliance and, having satisfied itself shall authorise payment by a resolution of the council. The approved schedules shall be initialled by the Chair of FGS on behalf of the Council. The schedules shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. 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.
- 5.5 The Town Clerk and RFO shall also have delegated authority to authorise the payment of items in the following circumstances:
- 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 can 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;
  - an expenditure item authorised under regulation 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
  - fund transfers within the councils banking arrangements up to the sum of £10,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council.
- 5.6 For each financial year, the RFO shall provide Council with 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, Pension Fund, utilities, 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.
- 5.7. A record of regular payments made under regulation 5.6 above shall be drawn up and included with the Schedules of Payments (regulation 5.4 above) and be signed by two members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and/or made.
- 5.8 The awarding of grants shall be subject to the council's grants procedures as set out on its website. Organisations seeking an annual grant should make a request using the appropriate forms and providing the relevant supporting documents to the Town Clerk by the end of September for a grant payable early in the following year. Expenditure on annual grants (SLA's) shall be approved by Council as part of the budget setting process. Organisations requiring a one-off small grant should apply

using the appropriate forms and providing the relevant supporting documentation to the Town Clerk at any time during the financial year.

- 5.9 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.
- 5.10 The Council shall aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 5.11 Any changes in the recorded details, such as bank account records, shall be notified to the Council.

## **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 5.4 above, the RFO shall give an instruction that payment shall be made by processing the approved payments for authorisation by two members who are bank signatories.
- 6.3 All payments shall be made by internet banking transfer and evidence retained showing which members approved the payment. 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.
- 6.4 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.
- 6.5 If thought appropriate by the council, payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to council as made. The approval of the use of a banker's standing order shall be renewed by resolution of the council at least every two years.
- 6.6 Where a personal identification number (PIN) or other password(s) is required for access to the Council's records, a note shall be made of the PIN and Passwords and shall be retained in the Council's handbook.

- 6.7 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.
- 6.8 The Council's electronic records shall be held securely on One-Drive.
- 6.9 The Council, and any members using computers, laptops, tablets or mobile phones 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.
- 6.10 The RFO shall be appointed as the Service Administrator for all internet banking arrangements. The bank mandate approved by the Council shall identify a number of Councillors who will be authorised to approve transactions on these accounts.
- 6.11 Access to any internet banking accounts shall 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.
- 6.12 Changes to account details for suppliers which are used for internet banking may only be changed on written hard copy notification by the supplier. Authority for change shall be signed off by the Town Clerk and a programme of regular checks of standing data with suppliers shall be followed.
- 6.13 Any business card issued for use will be specifically restricted to the Town Clerk and Assistant Town Clerk, and shall also be restricted to a single transaction maximum value of £1,500 unless authorised, and minuted, by Council before any order is placed.
- 6.14 Any corporate credit card or trade card account opened by the Council will be specifically restricted to use by the Town Clerk, Assistant Town Clerk and Outdoor Team Supervisor and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances.

## **7 PAYMENT OF SALARIES & ALLOWANCES**

- 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, or duly delegated 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 council meeting, as set out in these 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] [relevant committee].
- 7.4 To ensure correct records are maintained, the RFO must be notified immediately of all staff appointments, resignations, dismissals, suspension, maternity and paternity leave, changes in pay and working hours, and absences for sickness, approved annual leave or other reasons.
- 7.5 Any additional working time shall be entitled to time off in lieu (TOIL) which must be approved by the Town Clerk in advance. In exceptional circumstances, overtime payment can be made and must be approved by the Town Clerk in advance. All leave and TOIL relating to the Town Clerk must be approved by the Mayor.
- 7.6 Salary increment increases must only be implemented on instruction from the Town Clerk. National pay awards shall be implemented on the due date and reported to Council.
- 7.7 Travel and subsistence payments to staff shall be made following the completion of the appropriate claim form, with receipts attached, and authorised by the Town Clerk.
- 7.8 Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
  - by a Councillor who can demonstrate a need to know;
  - by the internal auditor;
  - by the external auditor; or
  - by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.9 The total of such payments in each calendar month shall be reported to Council 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.
- 7.10 An effective system of personal performance management should be maintained for employees.

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

## **8 LOANS & INVESTMENTS**

- 8.1 All borrowings shall be affected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. 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) 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 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.
- 8.4 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.
- 8.5 All investments of money under the control of the council shall be in the name of the council.
- 8.6 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.7 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).

## **9 INCOME**

- 9.1 The RFO shall ensure that all income is recorded in accordance with the current Accounts and Audit Regulations.
- 9.2 The collection of all sums due to the Council shall be the responsibility, and under the supervision, of the RFO.
- 9.3 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.

- 9.4 The RFO shall provide a report for consideration and the council shall review all fees and charges annually by the end of September each year so that changes can be included in budget setting.
- 9.5 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.6 Sums due to the Council shall be paid via on-line banking. Where this is not possible, small sums can be received by cheque or cash, deposited with the council's bankers with such frequency as the RFO considers necessary. The details pertaining to each receipt shall be retained as part of the council's accounting records.
- 9.7 The RFO shall complete any VAT Return that is required within the statutory timescales. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be included in the relevant year end.
- 9.8 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 Committee of the charity meeting separately from any Council meeting (see also Regulation 16 below).

## **10 ORDERS FOR WORK, GOODS & SERVICES**

- 10.1 An official order, letter or email 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. Any transactions with a value in excess of £5,000 shall be the subject of three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11.1 below. An explanation shall be given where this is not possible.
- 10.4 A member shall not issue an official order or make any contract on behalf of the council.
- 10.5 The Town Clerk 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 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.

## 11 CONTRACTS, QUOTATIONS & TENDERS

### 11.1 Procedures as to contracts are laid down as follows:

- a) Every contract made by the council, or by staff acting on its behalf, shall comply with these financial regulations and relevant legislation. No exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to the following items:
- for the supply of gas, electricity, water, sewerage and telephone services;
  - specialist services such as are provided by legal professionals acting in disputes;
  - for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
  - for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council;
  - 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 Vice Chairman of council); and
  - 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 Regulations”) which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations which 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.
- c) 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. Thresholds currently applicable are (i) for public supply and public service contracts EU209,000 (£181,302) (ii) for public works contracts EU5,225,000 (£4,551,413).
- 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 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.

- 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 the Council's Standing Orders 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 £5,000 and above £1,500, the Town 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.
- 11.2 It shall be a condition of any contract that the contractor must comply with the council's financial regulations.
- 11.3 When the council is contractually bound as an agent on behalf of another statutory body, it will be necessary for the standing orders, rules and regulations of that body to have precedence over those of the council, in order that the council may carry out its obligations.
- 11.4 Exemption from any of the following provisions of these financial regulations may only be made by direction of the Council where they are satisfied that the exemption is justified. A record of an exemption shall be minuted.
- 11.5 Every contract shall be in writing. Over £5,000 and up to £25,000, the contract will be formalised by creating a Purchase Order and approved the Town Clerk.
- 11.6 Over £25,000 it shall be signed (or sealed) by the Clerk and witnessed by two councillors. The contract shall specify the goods, materials or services to be supplied and the work to be executed; the price to be paid together with a statement as to the amount of any discount(s) or other deduction(s); the period(s) within which the contract is to be performed and such other conditions and terms as may be agreed between the parties.

- 11.7 Contracts shall contain provisions stating that valid undisputed invoices will be paid within 30 days. Contracts shall also contain a condition requiring contractors to include similar provisions in their contracts and so on down the supply chain.
- 11.8 Where the Town Clerk or the council considers it necessary due to the nature of the contract or any other particular circumstances, provide for the payment of liquidated damages by the contractor where they fail to complete the contract within the time specified.
- 11.9 Where the Town Clerk or the council considers it necessary, due to the nature of the contract or any other particular circumstances, there shall be a requirement for the contractor to enter into a bond for its due performance, or into such other arrangements as may be approved by the Council, in the sum of 10% of the contract amount. This must be identified in advance and stated in the tender documents.
- 11.10 In cases where a bond is required, the tender documents shall make reference to this, but it will be stated in the documentation that, if the contractor has not produced the required form of bond prior to the date set for commencement of the work, then 10% of the contract sum will be deducted from the first or, if this is not sufficient, from subsequent interim payments.
- 11.11 Where the Town Clerk or the Council considers it necessary due to the nature of the contract or any other particular circumstances, there will be a provision for the Council to make retention of 10% for an agreed period to ensure the satisfactory completion of the contract.
- 11.12 The policies detailed above for tenders and quotations shall not apply in respect of the supply of specialist equipment or the carrying out of specialist works which can, in the opinion of the Town Clerk or relevant staff, be obtained only from a limited number of suppliers or contractors or where the price of the equipment/works supplied/carried out are wholly controlled by trade organisations or government order etc. and no reasonably satisfactory alternative is available. This shall be reported to the council.
- 11.13 Every contract shall require that all goods and materials used or supplied and all the workmanship shall be at least of the standard required by the appropriate British Standards Specification or Code of Practice as appropriate, current at the date of the tender.
- 11.14 The council has the ability to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation if the contractor fails to meet the original terms of the terms and conditions.
- 11.15 Wherever possible, tenders for consultancy work should be invited only from the membership list of the appropriate professional body. Preference should be given to firms in the locality and firms that score highly in the council's ethical decision making matrix. Where no professional body exists, qualifications, experience and evidence of work undertaken must be sought to establish credibility. The full terms of the appointment should be made known to tenderers at the time tenders are invited. A review of current consultants' appointments will be carried out every two years.

- 11.16 Subject to the provisions of the contract in each case every variation shall be authorised in writing following consultation with the qualified professional advisor and the Town Clerk. If the estimated additional cost of such a variation exceeds 5%, it shall be reported to the council.
- 11.17 The final certificate of completion of any contract shall not be issued until the appropriate professional advisor has produced a detailed statement of account and all other relevant documents.
- 11.18 Claims for contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the council's legal advisors for consideration of the authority's legal liability and, if necessary, for financial consideration before final settlement.
- 11.19 Where the completion of a contract is delayed by more than one-sixth of the original contract period, it shall be the duty of the professional advisor to report the delay, and the reasons to the council.
- 11.20 Where completion of a contract is delayed after the completion or extended completion date and the contract so provides, it shall be the duty of the professional advisor to certify whether any monies, and if so how much, should be deducted as liquidated and ascertained damages, and to notify the Town Clerk who will inform the Council.

## **12 PAYMENTS UNDER CONTRACTS: BUILDING/CONSTRUCTION-**

- 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 retention 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 clerk of works to the contractor in writing, the council being informed where the final cost is likely to exceed the financial provision.

## **13 STORES & EQUIPMENT**

- 13.1 The relevant staff member shall be responsible for the safekeeping of stores and equipment in their section.
- 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.

## **14 ASSETS, PROPERTIES & ESTATES**

14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the council. The 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 in the opinion of the Clerk the estimated value of any one item 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 RFO shall effect all insurances and negotiate all claims on the council's insurers in consultation with the Town Clerk.
- 15.2 The RFO shall be given give prompt notification of all new risk areas such as events, equipment, property, vehicles etc which require to be insured and of any alterations affecting existing insurances. The RFO will update the Risk Register accordingly.
- 15.3 The RFO shall make adequate arrangements, effect all insurances and negotiate all claims on the Council's insurers in consultation with the Town Clerk.
- 15.4 The RFO shall keep a record of all insurances effected by the council and the property, equipment, vehicles and risks covered thereby and annually review it.
- 15.5 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to council at the next available meeting.
- 15.6 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.
- 15.7 Officers, in consultation with the Town Clerk, shall ensure that all contractors have adequate employer's third party and public liability insurance before attendance at Council events or before contracts are carried out on behalf of the Council

## **16 CHARITIES**

- 16.1 Where the Council is sole managing trustee of a charitable body, the Town Clerk and 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 Clerk and 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 shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council with the exception of the Financial Risk which shall be prepared by the RFO. 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 relevant staff member, in association with the Town Clerk, shall prepare a draft risk assessment, including risk management proposals, for consideration and adoption by the council.

## **18 SUSPENSION & 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 and RFO 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.