



## **STANDING ORDERS**

### **FINANCIAL REGULATIONS**

#### **1 GENERAL**

- 1.1 These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. Financial regulations must be observed in conjunction with the Council's standing orders and the Internal Financial Control System.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council. The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly.
- 1.3 The Clerk, acting under the policy direction of the Council, shall be responsible for the proper administration of financial management information.
- 1.4 Only Councillors can be members of the Finance Committee
- 1.5 A breach of these Regulations by an employee is gross misconduct.
- 1.6 Members of Council are expected to follow the instructions within these Regulations and not entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute.
- 1.7 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**

- 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. On a monthly basis a member other than the Chairman [or a cheque signatory] 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 Clerk shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the appointed Auditor) and for submitting the Annual Return for approval by the Governance Committee and authorisation by the Council within the timescales set by the Auditor.

- 2.4 The Clerk shall be responsible for ensuring that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. The Clerk or any member of the Council shall, if the Internal Auditor requires, make available such documents of the Council which appear to be necessary for the purpose of the internal audit and shall supply such information and explanation as the Internal Auditor considers necessary for that purpose.
- 2.5 The Internal Auditor shall carry out the work required by the Council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 2.6 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.
- 2.7 The Clerk shall, as soon as practicable, bring to the attention of all councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative nature.

### **3 ANNUAL ESTIMATES (BUDGET)**

- 3.1 Every committee (that has a budget for income and expenditure) shall review its forecast and submit proposals to the Finance Committee for the next financial year no later than October
- 3.2 Detailed estimates of all receipts and payments for the year shall be prepared annually by the Clerk.
- 3.3 The Finance Committee shall review the estimates and submit them to the Council not later than the end of December each year and shall recommend to Council the Precept to be levied for the ensuing financial year to be approved by the Council.
- 3.4 The Council shall fix the precept and the Clerk shall issue the precept to the billing authority.
- 3.5 The approved annual budgets shall form the basis of financial control for the ensuing year.

### **4 BUDGETARY CONTROL AND AUTHORITY TO SPEND**

- 4.1 The Clerk shall provide the Finance Committee with up to date financial figures, which will include a detailed statement of receipts and payments along with actual v budget figures, at the Finance meetings.
- 4.2 Delegated Authority
1. The Clerk shall have authority to incur any item of expenditure up to £500 arising from the administration of Council business.
  2. Any two of the Chairman, the Vice-Chairman and the Clerk shall have authority to incur any item of expenditure up to £1,000 where it is in their view necessary or desirable to act without delay.
  3. All three, Chairman, Vice-Chairman and the Clerk, shall have the authority to incur any item of expenditure up to £2,000 where it is in their view necessary or desirable to act without delay.
  4. Any exercise of such delegated authorities shall be reported to the Council as soon as practicable thereafter.
  5. Any decision under delegated authority that exceeds budgeted expenditure should be notified to Council.
- 4.3 No expenditure shall be incurred 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, or the requisite borrowing approval has been obtained.

- 4.4 All capital works shall be administered in accordance with the Council's standing orders and financial regulations.
- 4.5 The Finance Committee has delegated powers of expenditure to a maximum of £5,000 per item. Expenditure in excess of this amount will be referred to the Council on a recommendation from the Finance Committee or be considered by Full Council directly.
- 4.6 The Council shall include an amount in the budget for contingencies. When it is agreed that funds shall be spent from this account a virement will be made by the Clerk to the appropriate allocation in the budget with a note of the power to spend.
- 4.7 Changes to earmarked reserves shall be approved by Council.

## **5 BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS**

- 5.1 The Council's banking arrangements shall be made by the Clerk and reviewed regularly by the Finance Committee for safety and efficiency. Any change in banking arrangements is to be recommended by the Finance Committee and approved by Council.
- 5.2 A schedule of the payment of money required each month shall be prepared by the Clerk and, together with the relevant invoices, be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council. The schedule will be shown in the Minutes of the Meeting. Personal payments (including salaries, 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.
- 5.3 All invoices for payment shall be examined and verified by the Clerk. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next Council Meeting. Payments shall not normally be presented for authorisation other than at a Council meeting. Any payments made between meetings shall be reported to the Council (or Finance Committee) at the next meeting.
- 5.4 If a member who is also a bank signatory has declared a disclosable pecuniary 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 for that Councillor to be a signatory to the transaction in question.

## **6 PAYMENT OF ACCOUNTS**

- 6.1 All payments shall be effected by bank transfer, cheque or other order drawn on the Council's bankers, or by credit card.
- 6.2 Electronic payments cheques and direct debits drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 shall be signed or authorised by two members of Council.
- 6.3 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.
- 6.4 Cheques or orders for payment shall not normally be presented for signature other than at a council or committee meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the Council or Finance Committee at the next convenient meeting.
- 6.5 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 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.
- 6.6 The approval of the use of bank transfers shall be renewed by resolution of the council at least every two years.

- 6.7 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 Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN 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.
- 6.8 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.
- 6.9 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.
- 6.10 A credit card may be issued to employees with varying limits. These limits will be set by the Finance Committee. Transactions and purchases made will be reported to the Council or Finance committee and balances paid in full by direct debit to avoid bank charges.
- 6.11 The Council will not maintain any form of cash float.

## **7 PAYMENT OF SALARIES**

- 7.1 For the administration of salaries as detailed below the Council employs a payroll manager.
- 7.2 As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE, National Insurance and Pension 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.
- 7.3 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 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.
- 7.4 No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council.
- 7.5 Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- a) by any Councillor who can demonstrate a need to know;
  - b) by the internal auditor;
  - c) by the external auditor; or
  - d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.6 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.
- 7.7 Any termination payments shall be supported by a clear business case and reported to the Council. Termination payments shall only be authorised by Council.

7.8 Before employing interim staff the Council must consider a full business case.

## **8 LOANS AND INVESTMENTS**

8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period of time.

8.2 All investments of money under the control of the Council shall be in the name of the Council.

8.3 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.

8.4 The Council shall maintain an Investment Policy which shall be in accordance with relevant regulations, proper practice and guidance. This Policy shall be reviewed by the Council at least annually.

8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk.

## **9 INCOME**

9.1 Particulars of all charges made by the Council shall be agreed annually by the Council and the collection of all sums due to the Council shall be the responsibility of the Clerk.

9.2 The Council will review all fees and charges annually, following a report of the Clerk.

9.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

9.4 All sums received on behalf of the Council shall be banked as soon as practical and intact by the Clerk.

9.5 The origin of each receipt shall be entered on the paying-in slip.

9.6 The Clerk shall promptly complete any VAT Return that is required bi-annually. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made annually.

## **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 by the Clerk.

10.2 All members and the Clerk are responsible for obtaining value for money at all times. They must ensure as far as is reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining two or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11 below.

10.3 A member may not issue an official order or make any contract on behalf of the Council.

10.4 The 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 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**

11.1 Procedures as to contracts are laid down as follows:

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 Vice 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.

11.2 Only one quotation need be obtained for work not exceeding the sum of £2,500, unless members or the Clerk are not satisfied with the quotation (see 10.2 above)

11.3 Where work exceeds the sum of £2,500 in value for the supply of goods or materials or for the execution of works, but is under £10,000, every reasonable endeavour will be made to obtain three quotations.

11.4 Where the value of any intended contract exceeds £10,000, all reasonable endeavours will be made to obtain 3 quotations, but in the event of fewer than 3 quotations being available, the Clerk will place a notice of the work and give at least three weeks public notice of such intention in the same manner as public notice of meetings of the Council is given.

11.5 Work exceeding £50,000 shall be by tender:

- i) a specification of the goods, materials, services and the execution of works shall be drawn up;
- ii) tenders are to be sent, in a sealed marked envelope, to the Clerk by a stated date and time;
- iii) tenders submitted are to be opened, after the stated closing date and time, by the Clerk and at least one member of Council;
- iv) tenders are then to be assessed and reported to the appropriate meeting of Council.

11.6 The Council is not bound to accept the lowest tender, if there is an appropriate reason for not doing so.

11.7 The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

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

12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).

12.2. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum by 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 notified by the Clerk to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision

### **13 STORES AND EQUIPMENT**

- 13.1 The Officer in charge shall be responsible for the care and custody of stores and equipment in that 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 Clerk or Assistant Clerk shall be responsible for annual checks of all stocks and stores.

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

- 14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk shall ensure a record is maintained of all properties owned 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 property shall be 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 property (interests in land) shall be purchased or acquired without the authority of full council.
- 14.4 The Clerk shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date.

### **15 INSURANCE**

- 15.1 Following the annual risk assessment, the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The Clerk shall give prompt notification to the Governance Committee of all new risks that require to be insured and of any alteration affecting existing insurances.
- 15.3 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.
- 15.4 All appropriate members and employees of the Council shall be included in suitable fidelity guarantee insurance that shall cover the maximum risk exposure as determined by the Council.

### **16 CHARITIES**

Where the council is sole managing trustee of a charitable body the Clerk 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 shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

### **17 RISK MANAGEMENT**

When considering any new activity, the 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 is the duty of the Governance Committee to review these Financial Regulations, at least once a year, and to make recommendations to Council as it thinks fit. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for an amendment to the 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.

These Financial Regulations were adopted by the Council at its Meeting held on **21<sup>st</sup> July 2008**

Section 3.2 was amended and adopted by Council at its Meeting held on **September 7<sup>th</sup> 2009**

Section 1.4 was added; sections 3.2(1) and 8.6 were amended and adopted by Full Council at its meeting held on **June 6<sup>th</sup> 2011**

Sections 9.4, 9.7 and 14 were amended and adopted by Full Council at its meeting held on **October 3<sup>rd</sup> 2011**

Sections 3.2.1, 3.2.2 and 5.3 were amended and adopted by Full Council at its meeting held on **October 1<sup>st</sup> 2012**

Sections 6.1 and 6.3 were amended and adopted by Full Council at its meeting held on **June 3<sup>rd</sup> 2013**

Sections 2.1, 3.6, 3.7, 6.3, 9.3, 11.3 and 11.4 were added or inserted; sections 1.1, 2.3, 2.5, 3.1, 3.5, 4.2, 5.1, 6.2, 10.1, 10.4, 12.4 and 13 were amended and adopted by Full Council at its meeting held on **July 7<sup>th</sup> 2014**

Section 9.9 was added and adopted by Full Council at its meeting held on **October 6<sup>th</sup> 2014**

The new Financial Standing Orders, adopted by Full Council on **January 12<sup>th</sup> 2015**, are based on the NALC model financial standing orders issued in October 2014.

Sections 6.6 and 7.2 were amended, section 7.1 was added and adopted by Full Council at its meeting held on **February 1<sup>st</sup> 2016**

Sections 6.1, 6.2, 6.6, 6.10 and 6.11 were amended and adopted by Full Council at its meeting held on **March 6<sup>th</sup> 2017**

Sections 4.2.1, 4.2.2 and 4.5 were amended and 4.2.3 added (changing 4.2.3 to 4.2.4 and 4.2.4 to 4.2.5). These changes were adopted by Full Council at its meeting held on **August 7<sup>th</sup> 2017**