

MELTON

PARISH COUNCIL

FINANCIAL REGULATIONS (REVISED VERSION FEBRUARY 2024)

Schedule of revisions to Financial Regulations

Version	Date	Reasons	Sections
1	November 2006	Adoption of Model Financial Regulations	All
2	April 2008	Change to reflect provision of statement of receipts and payments at least 4 times per year not bi-monthly	03.03
3	February 2012	To clarify that RFO includes Proper Officer and a properly qualified Assistant Clerk Budget report to be provided monthly Unspent provision to be placed in General Reserve Schedule of payments MADE added to minutes for subsequent approval Signatories to initial invoice Replace "Clerk" with "RFO" Amend cash receipt to £500 [£200] Amend "Officer" to "RFO" Amend value to £1,000 [£250] Amend value to £7,500 [£2,500] Replace "appropriate approved list" with "list approved by Council" Range for "striving for 3 estimates" changed to below £5,000 [£1,000] and above £1,250 [£100] Value for formal tender process £10,000 [£5,000] Standing Order 21 [61,63 & 64] Dispose of assets £100 [£50] Remove as not applicable	01.02 03.03 03.05 05.02 05.04 09. & 11. & 14. 17. & 18 09.09 10.03 11.01(a)(v) 11.01(b), 11.01(g), 11.01(i) 11.01(b) 11.01(i) 11.02 11.01(h), 11.04 14.02 16.01
4	October 2013	Preamble – include council to mean council, committees and sub-committees Include references to direct debits in section 5 and not section 6	5.05

5	May 2016	<p>Model Financial Regulations rewritten to take account of the following:</p> <p>Wilful breach of Regulations can give rise to disciplinary action</p> <p>Provisions as to disclosable interests broadened</p> <p>Public Contracts Regulations 2015</p> <p>Also refined and rewritten overall</p>	<p>1.6</p> <p>6.4</p> <p>11</p> <p>All</p>
6	November 2017	<p>Replace existing financial limit of £1,000 with financial limit of £2,500 in terms of Clerk's discretionary power to authorise revenue expenditure, whether budgeted for or not, in an emergency</p>	<p>4.5</p>
7	January 2020	<p>Financial Regulations rewritten to take account of major changes to the following:</p> <p>Banking arrangements and authorisation of payments</p> <p>Instructions for the making of payments</p> <p>Also textual amendments overall</p>	<p>5.1 – 5.5</p> <p>6.1 – 6.17</p> <p>All</p>
8	April 2020	<p>Revision to make Regulation 5.1 consistent with Terms of Reference of FERM Committee and remove inclusion of credit references</p> <p>To permit initiation of payment approvals by the Assistant Clerk as a designated signatory</p> <p>To include provision for the Assistant Clerk to be a cardholder on the Lloyds Treasurer's Account</p>	<p>5.1</p> <p>6.9</p> <p>6.16</p>
9	July 2020	<p>Revision to clarify responsibility for appointment of the Internal Auditor</p>	<p>2.5</p>
10	September 2020	<p>Updating thresholds under the Public Contracts Regulations</p>	<p>11.1</p>
11	May 2021	<p>Revision to include the Assistant Clerk as authorised to approve internet banking transactions on the Barclays accounts with additional Councillor approval</p>	<p>6.16</p>
12	January 2022	<p>Revision to increase maximum amount for single transactions to £1k</p>	<p>6.16</p>
13	May 2022	<p>Remove the reference to receipts and payments</p> <p>Remove reference to Rialtas and replace with Scribe</p> <p>Include reference to bank statements being verified against financial reports at meetings and signed by Chair</p> <p>Banking secure access points updated</p> <p>Updated to reflect updated Model Standing Orders (April 2022) and increased threshold amounts.</p>	<p>1.11</p> <p>2.1</p> <p>2.2 and 4.8</p> <p>6.14</p> <p>11.1</p>
14	September 2022	<p>Add in reference to Clerk and Assistant Clerk being able to authorise and second authorise a payment on Lloyds in an emergency</p>	<p>5.3 and 6.9</p>

15	January 2023	Update to section 2.2 regarding approval of monthly accounts.	2.2
16	May 2023	Update to section 2, removal of reference to Committees and replaced by Working Groups and change of Chairman to Chair throughout.	All
17	June 2023	Update to section 11 to reflect procurement threshold increase	11.1
18	February 2023	Update to section 11 to reflect procurement threshold increase	11.1b

MELTON PARISH 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 for members and officers. Financial regulations must be observed in conjunction with the council's standing orders and any individual financial regulations relating to contracts.
- 1.2. The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
- 1.3. The council's accounting control systems must include measures:
 - for the timely production of accounts;
 - that provide for the safe and efficient safeguarding of public money;
 - to prevent and detect inaccuracy and fraud; and
 - identifying the duties of officers.
- 1.4. These financial regulations demonstrate how the council meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Governance Statement, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

- 1.7. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of councillor into disrepute.
- 1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. The Clerk has been appointed as RFO for this council and these regulations will apply accordingly.
- 1.9. The RFO;
- acts under the policy direction of the council;
 - administers the council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines on behalf of the council its accounting records and accounting control systems;
 - ensures the accounting control systems are observed;
 - maintains the accounting records of the council up to date in accordance with proper practices;
 - assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
 - produces financial management information as required by the council.
- 1.10. The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the council from time to time comply with the Accounts and Audit Regulations.
- 1.11. The accounting records determined by the RFO shall in particular contain:
- entries from day to day of all sums of money received and expended by the council and the matters to which the income and expenditure account relate;
 - a record of the assets and liabilities of the council; and
 - wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.12. The accounting control systems determined by the RFO shall include:
- procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
 - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;

- identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
- procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and
- 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, taking into account any recommendations from Finance, Employment & Risk Management (FERM) Working Group.

1.14. In addition, the council must:

- determine and keep under regular review the bank mandate for all council bank accounts;
- approve any grant
- approve any single commitment in excess of £20,000 or below £20,000 if the proposal is unbudgeted; and
- in respect of the annual salary for any employee have regard to recommendations / delegated decisions about annual salaries of employees made by FERM Working Group 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 RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices. The council has decided that it will use accounts software produced and supported by Scribe and all the council's statutory accounts will be presented in the format as described thereby.
- 2.2. For each month of the financial year and at financial year-end, the bank reconciliations (for all accounts) together with the bank statements generated by the approved accounting software shall be submitted for approval by either Full Council or FERM Working Group (in the 2 months when Full Council does not meet). The bank statements will be presented at the meetings of either Full Council or FERM Working Group and signed by the respective Chairs to validate that the statements match the finance reports.
- 2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.
- 2.4. The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.
- 2.5. The internal auditor shall be appointed by Full Council taking into account advice from the FERM Working Group 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;
 - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - have no involvement in the financial decision making, management or control of the council.
- 2.7. Internal or external auditors may not under any circumstances:

- perform any operational duties for the council;
 - initiate or approve accounting transactions; or
 - direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.8. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 2.9. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.10. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

- 3.1. The RFO must each year, by no later than November, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding including capital for the following financial year. The FERM Working Group, representing the financial interests of the whole council, shall review the council's forecast of income and expenditure for the current year and following year and also develop a strategic plan for the council's finances over an additional two forward years. Having regard to the forecast, it shall thereafter formulate and submit budget proposals for the following financial year to the council not later than the end of December each year, including any proposals for revising the forecast.
- 3.2. All parts of the Council shall review the budgetary proposals against their requirements and the council shall consider all the 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, taking into account the medium term, update the forecast accordingly.
- 3.3. 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.
- 3.4. The approved annual budget shall form the basis of financial control for the ensuing year.

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:
- the council for all items over £20,000;
 - a duly delegated Working Group of the council for items under £20,000; or
 - the Clerk, in conjunction with Chair of Council or Chair of the appropriate Working Group, for any items below £1,000, or as delegated to the Clerk in accordance with the requirements of the Openness of Local Government Bodies Regulations 2014.

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

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. 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 budgets are to be reviewed at least annually in November for the following financial year and any proposed changes evidenced by a minute. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.5. In cases of extreme risk to the delivery of council services, the 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 £2,500. The Clerk shall report such action to the Chair as soon as possible and to the council as soon as practicable thereafter. As a precaution against any further sudden lockdown or other foreseen business interruption: where it is necessary to maintain essential Council business, responsibility for decision-making can be delegated to the Clerk / Assistant Clerk in conjunction with the Chair of the Council / Deputy-Chairs / Chairs of Working Groups as appropriate.
- 4.6. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.

- 4.7. All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.
- 4.8. The RFO shall provide on a monthly basis to councillors a detailed report, incorporating cashbooks for the council's various accounts showing the cumulative detailed income and expenditure for the year to date; comparison between the detailed budget heads and income / expenditure for the year showing variances, together with detailed bank reconciliation reports. Detailed reports on financial matters shall be made to all meetings of Full Council (and FERM Working Group in the two months when Council does not meet). The bank statements will be presented at these meetings and signed by the Chair to verify that the statements match the finance reports.
- 4.9. Changes in earmarked reserves shall be approved by council as part of the budgetary control process.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 5.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council, taking into account the recommendations of FERM Working Group.
- 5.2. A detailed list of all payments made shall be made available to meetings of both committees and council as part of the financial reports provided. 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).
- 5.3. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council or made under delegated authority. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. All payments or transfers shall be authorised by two approved signatories or the RFO and one approved signatory. In an emergency, for example if no Councillor is available to second authorise a payment, the payment can be initiated and authorised by the Clerk and Assistant Clerk and reported to the next meeting of Full Council.
- 5.4. In respect of both capital and revenue grants council shall approve all expenditure within any limits and in accordance with any policy statement set by council.
- 5.5. Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

- 6.1. The council will make safe and efficient arrangements for the making of its payments.
- 6.2. Following authorisation under Regulation 5.3 above, the RFO shall give instruction that a payment shall be made.
- 6.3. All payments shall be effected by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of council or duly delegated committee.
- 6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee shall be signed by two authorised members of council or the RFO under delegated authority and one authorised member of council. An authorised 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.
- 6.5. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 6.6. Where it is thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any other recurring payments for which authority has been given, may be made by variable direct debit provided that the instructions are signed by two authorised members or the RFO under delegated authority and one authorised member and any payments are reported to council as made. The approval of the use of a variable direct debit shall be renewed by resolution of the council at least every two years.
- 6.7. If thought appropriate by the council, payment for certain items (e.g. salaries) may be made by banker's standing order provided that the instructions are signed, or otherwise evidenced by two authorised members or the RFO under delegated authority and one authorised member, 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.
- 6.8. If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 6.9. If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which authorised members or the RFO under delegated authority approved the payment. All payments shall require electronic authorisation by two designated signatories and approvals shall be initiated by the RFO or Assistant Clerk under delegated authority and second authorised by a designated member signatory. A hard copy of the invoice / justification

for payment shall be retained and signed by the signatories as soon as possible thereafter as a permanent record. Transfers between the council's bank accounts shall be made where possible by internet banking transfer and shall require similar authorisation by two designated signatories. In an emergency, for example if no Councillor is available to second authorise a payment, the payment can be initiated and authorised by the Clerk and Assistant Clerk and reported to the next meeting of Full Council.

- 6.10. 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.
- 6.11. 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.
- 6.12. 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.
- 6.13. Where internet banking arrangements are made with any bank, the RFO 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.
- 6.14. Access to any internet banking accounts will be via the banks access page (which may be saved under "favourites") or official banking app and will not be through a search engine or e-mail link. All security protocols set by the bank must be adhered to. Passwords must be stored securely and separate from any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.15. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier. A programme of regular checks of standing data with suppliers will be followed.
- 6.16. Any Debit Card issued for use will be specifically restricted to the RFO / Assistant Clerk and will also be restricted to a single transaction maximum value of £1000 unless authorised by council or Finance, Employment and Risk Management Committee in writing before any order is placed. As from May 2021 both the RFO and Assistant Clerk will be signatories and card holders on both the Barclays Accounts and the Lloyds Treasurer's Account. Any use of the debit card will be recorded on the form designed for such purpose to which the invoice or voucher is attached and signed by the user and countersigned by a designated member signatory.
- 6.17. The council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

7. PAYMENT OF SALARIES

- 7.1. As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by council, 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.
- 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 relevant committee.
- 7.4. An effective system of personal performance management should be maintained for all employees.
- 7.5. Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.
- 7.6. Before employing interim staff the council must consider a full business case.

8. LOANS AND INVESTMENTS

- 8.1. All borrowings shall be effected in the name of the council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by council as to terms and purpose. The application for borrowing approval, and subsequent arrangements for the loan shall only be approved by 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. The council will arrange with the council's banks and investment providers for the sending of a copy of each statement of account to the Chair of the council at the same time as one is issued to the Clerk or RFO.
- 8.4. All loans and investments shall be negotiated in the name of the council and shall be for a set period in accordance with council policy.

- 8.5. The council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually.
- 8.6. All investments of money under the control of the council shall be in the name of the council.
- 8.7. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.8. Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).

9. INCOME

- 9.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 9.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the council.
- 9.3. The council will review all fees and charges at least annually, following a report of the RFO.
- 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
- 9.5. All sums received on behalf of the council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the council's bankers with such frequency as the RFO considers necessary.
- 9.6. The origin of each receipt shall be entered on the paying-in slip.
- 9.7. Personal cheques shall not be cashed out of money held on behalf of the council.
- 9.8. The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made on a quarterly basis.
- 9.9. Where any significant sums of cash are regularly received by the council, the RFO shall take such steps as are agreed by the council to ensure that more than one person is present when the cash is counted in the first instance, and that appropriate care is taken in the security and safety of individuals banking such cash.

10. ORDERS FOR WORK, GOODS AND SERVICES

- 10.1. All members and officers are responsible for obtaining value for money at all times. An officer making a purchase shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11.1 below.
- 10.2. A member may not make a purchase or make any contract on behalf of the council.
- 10.3. The RFO shall verify the lawful nature of any proposed purchase before making it, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

11. CONTRACTS

- 11.1. Procedures as to contracts are laid down as follows:
 - a. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:
 - i. for the supply of gas, electricity, water, sewerage and telephone services;
 - ii. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - iii. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
 - iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council;
 - v. for additional audit work of the external auditor up to an estimated value of £500 (in excess of this sum the RFO shall act after consultation with the Chair and Deputy Chair of council); and
 - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
 - b. Where the value of a contract is likely to exceed the threshold specified by the Office of Government Commerce from time to time, the Council must consider whether the Public Contracts Regulations 2015 or the Utilities Contracts Regulations 2016 apply to the contract and, if either of those Regulations

apply, the Council must comply with procurement rules. NALC's procurement guidance contains further details.¹

- c. 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.
- d. Such invitation to tender shall state the general nature of the intended contract and the RFO 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 RFO 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.
- e. All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of at least one member of council.
- f. 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.
- g. When it is proposed to enter into a contract of less than £30,000 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 RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £5,000 and above £1,000 the RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.1 above shall apply.
- h. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- i. Should it occur that the council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

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

¹ The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts. Thresholds currently applicable are:
For public supply and public service contracts £214,904
For public works contracts £ 5,372,609

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

13. ASSETS, PROPERTIES AND ESTATES

- 13.1. The RFO 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.
- 13.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £250.
- 13.3. 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).
- 13.4. 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).

- 13.5. 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.
- 13.6. 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.

14. INSURANCE

- 14.1. Following the annual risk assessment (per Regulation 17) the RFO shall effect all insurances and negotiate all claims on the council's insurers.
- 14.2. The RFO shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it. Council (taking into account advice from the FERM Working Group) shall consider the council's insurances and exposure to consequent risk at least annually.
- 14.3. 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.
- 14.4. 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.

15. RISK MANAGEMENT

- 15.1. The council is responsible for putting in place arrangements for the management of risk. The RFO shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
- 15.2. When considering any new activity, the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

16. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 16.1. It shall be the duty of the council to review the Financial Regulations of the council from time to time. The 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.

- 16.2. 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.