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PART 1 – ORGANISATION AND GOVERNANCE

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 documents¹ providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders¹ and any individual financial regulations relating to contracts
- 1.2 The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
- 1.3 The council's accounting control systems must include measures-
 - 1.3.1 for the timely production of accounts,
 - 1.3.2 that provide for the safe and efficient safeguarding of public money,
 - 1.3.3 to prevent and detect inaccuracy and fraud, and,
 - 1.3.4 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~~ Annual Governance and Accountability Return, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6 A breach of these Regulations by an employee is gross misconduct.
- 1.7 Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of councillor into disrepute.
- 1.8 The Clerk is appointed as Responsible Financial Officer (RFO) for this council and these regulations will apply accordingly.
- 1.9 The RFO-
 - 1.9.1 acts under the policy direction of the council,
 - 1.9.2 administers the council's financial affairs in accordance with all Acts, Regulations and proper practices,
 - 1.9.3 determines on behalf of the council its accounting records and accounting control systems,
 - 1.9.4 ensures the accounting control systems are observed,
 - 1.9.5 maintains the accounting records of the council up to date in accordance with proper practices,
 - 1.9.6 assists the council to secure economy, efficiency and effectiveness in the use of its resources, and,
 - 1.9.7 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 record of receipts and payments, statement of balances and additional information or management information prepared for the council from time to time comply with the Accounts and Audit Regulations².
- 1.11 The accounting records determined by the RFO shall in particular contain-

¹ ¹The other two being Standing Orders and Members Code of Conduct

² Accounts and Audit (England) Regulations 2011/817

- 1.11.1 daily entries of all sums of money received and expended by the council and the matters to which the receipts and payments account relate,
- 1.11.2 a record of the assets and liabilities of the council, and,
- 1.11.3 wherever relevant, a record of the council's receipts and payments 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-
 - 1.12.1 procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible,
 - 1.12.2 procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records,
 - 1.12.3 identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions,
 - 1.12.4 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,
 - 1.12.5 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-
 - 1.13.1 setting the final budget or the precept (council tax requirement),
 - 1.13.2 approving accounting statements,
 - 1.13.3 approving an annual governance statement,
 - 1.13.4 borrowing,
 - 1.13.5 writing off bad debts,
 - 1.13.6 declaring eligibility for the General Power of Competence, or,
 - 1.13.7 addressing recommendations in any report from the internal or external auditors.
- 1.14 In addition, the council must-
 - 1.14.1 determine and keep under regular review the bank mandate for all council bank accounts, and
 - 1.14.2 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 or a national body such as the National Joint Council for Local Government Services.
- 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 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 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.
- 2.2 The RFO shall complete the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Governance and Accountability Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall

submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.

- 2.3 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.
- 2.4 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.
- 2.5 The internal auditor shall-
- 2.5.1 be competent and independent of the financial operations of the council,
 - 2.5.2 report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year,
 - 2.5.3 demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships, and,
 - 2.5.4 have no involvement in the financial decision making, management or control of the council.
- 2.6 Internal or external auditors may not under any circumstances-
- 2.6.1 perform any operational duties for the council,
 - 2.6.2 initiate or approve accounting transactions, or,
 - 2.6.3 direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.7 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.
- 2.8 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.
- 2.9 The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

PART 2 – BUDGETS, REPORTING AND CONTROLS

3. ANNUAL 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 for the following financial year in the form of a budget to be considered by the council.
- 3.2 Budget headings will be grouped into suitable classes of receipts or payments so as to facilitate budgetary control.
- 3.3 Budget headings for payments will be grouped as either normal running costs (regarded as revenue expenditure) or expenditure from reserves or capital.

- 3.4 Reserves will be earmarked as far as possible for specific purposes and any reserves not so earmarked will constitute the general reserve.
- 3.5 Allocations to earmarked reserves shall be approved by council as part of the budgetary control process.
- 3.6 Capital expenditure is defined as expenditure not funded from revenue budgets or earmarked reserves and resulting in an addition to the assets recorded in the asset register as required at 13.6.
- 3.7 The salary budgets are to be reviewed at least annually in January for the following financial year and such review shall be evidenced by a minute.
- 3.8 The council shall consider annual budget proposals in relation to the council's three year forecast of revenue, capital and earmarked receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly. The council's financial objective is to maintain a general reserve of approximately half of one year's precept having fully funded earmarked reserves for forecast expenditure including contingencies.
- 3.9 The council shall fix the precept (council tax requirement), 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 Rother District Council as the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.10 The approved annual budget shall form the basis of financial control for the ensuing year.

4. REPORTING AND CONTROLS

- 4.1 The RFO shall provide each ordinary meeting of the council with a statement of receipts and payments to date under each head of the budgets together with a forecast of the full year outcome for that budget head and compare each with that planned as shown in the budget. These statements - shall show explanations of material variances between full year budget provision and forecast outcome. For this purpose "material" shall be in excess of £200 or 15% of the budget for that class of expenditure whichever is the greater
- 4.2 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, other classes of expenditure or to an earmarked reserve as appropriate ('virement').
- 4.3 The RFO will inform committees of any changes impacting on their budget requirement for the coming year as soon as they become evident.
- 4.4 On a regular basis, at least once in each quarter, and at each financial year end, a member who has been registered for online access to the bank account will verify that the balance reported by the RFO on the bank reconciliation is in accord with the bank statement and such verification shall be reported to the next council meeting and duly minuted.

PART 3 - PURCHASE ORDERS AND CONTRACTS

5. AUTHORITY TO INCUR EXPENSE

- 5.1 Any grant or single commitment in excess of £1,500 must be approved by the Council.
- 5.2 No expenditure may be authorised that will exceed the total amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee.
- 5.3 Authority to approve expenditure up to the total amounts included within that class of expenditure in the approved budget is to be determined by:
 - 5.3.1 the council for all items over £500;
 - 5.3.2 a duly delegated committee of the council for items over £250 up to a maximum of £500; or

- 5.3.3 the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £250.
- 5.4 Authority exercised under 5.3 above is to be evidenced by a minute of a properly called meeting of the council.
- 5.5 Contracts may not be disaggregated to avoid controls imposed by these regulations.
- 5.6 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 £250. The Clerk/RFO shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter.
- 5.7 No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the council is satisfied that the necessary funds are available and any requisite borrowing approval has been obtained.
- 5.8 All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts as describe in 7 below.

6. PURCHASE ORDERS FOR WORK, GOODS AND SERVICES

- 6.1 An official order or letter shall be issued for all procurement of work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Electronic copies of orders shall be retained.
- 6.2 All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 7.1. below.
- 6.3 An elected member may not issue an official order or make any contract on behalf of the council.
- 6.4 The Clerk/RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the Clerk/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.

7. CONTRACTS

- 7.1 Procedures as to contracts are laid down as follows:
- 7.1.1 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 (7.1.1.1.) to (7.1.1.6.) below-
- 7.1.1.1 for the supply of gas, electricity, water, sewerage and telephone services,
- 7.1.1.2 for specialist services such as are provided by solicitors, accountants and surveyors,
- 7.1.1.3 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,
- 7.1.1.4 for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council,
- 7.1.1.5 for additional audit work of the external auditor up to an estimated value of £100 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of council), and,

- 7.1.1.6 for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- 7.2 Where it is intended to enter into a contract exceeding £1,500 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 7.1. the Clerk shall invite tenders from at least three firms to be taken from an appropriate approved list.
- 7.3 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 who must give its approval by a recorded resolution.
- 7.4 Where it is intended to enter into a contract for the supply of excepted goods or services or for the execution of excepted works or specialist services as set out in paragraph 7.1.1 authority is to be evidenced by a minute of a properly called meeting of the council and determined by-
- 7.4.1 the council for all items over £500,
- 7.4.2 a duly delegated committee of the council for items over £250 up to a maximum of £500, or
- 7.4.3 the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £250.
- 7.5 The following regulations apply to sealed competitive tenders-
- 7.5.1 invitations to competitive 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 case,
- 7.5.2 the invitation shall state that tenders must be sent as hard copy (and not by electronic means) addressed to the Clerk in the ordinary course of post,
- 7.5.3 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,
- 7.5.4 all sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of council,
- 7.5.5 if less than three tenders are received for contracts above £1,500 or if all the tenders are identical the council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works, and,
- 7.5.6 any invitation to tender issued under this regulation shall be subject to Standing Order 17 and shall refer to the terms of the Bribery Act 2010.
- 7.6 When it is to enter into a contract of more than £1,500 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 7.1.1 the Clerk shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,500 and above £200 the Clerk ~~or RFO~~ shall strive to obtain 3 estimates. Otherwise, Regulation 7.2. above shall apply.
- 7.7 The council shall not be obliged to accept the lowest of any tender, quote or estimate.
- 7.8 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 will seek 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.
- 7.9 The terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

PART 4 – BANKING, PAYMENTS AND RECEIPTS

8. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 8.1 The council's banking arrangements, including the bank mandate and online banking enrolments, registrations and online authority levels, shall be made by the RFO and approved by resolution of the council. Banking arrangements may not be delegated to a committee. Arrangements shall be regularly reviewed for risk avoidance and efficiency.
- 8.2 Payments will only be made against an invoice or, in the case of reimbursement, a receipt. Payments may be made in advance of an invoice only by duly minuted resolution of a properly called meeting of the council.
- 8.3 All invoices for payment shall be verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received or carried out and represents expenditure previously approved by the council.
- 8.4 The RFO shall examine invoices for arithmetical accuracy and post them to the appropriate expenditure heading.
- 8.5 The RFO shall take all steps to present hard copy of all invoices submitted for authorisation, and which are in order, at the next available council meeting.
- 8.6 The RFO shall prepare a schedule of payments requiring authorisation and will send electronic copies of invoices to members with the agenda. The council shall review the schedule for compliance and, having satisfied itself shall-
- 8.6.1 authorise payment by a resolution of the council, and,
- 8.6.2 in respect of invoices for sums above £100 shall require that the invoice is countersigned by two councillors present at the meeting and is retained for internal audit.
- 8.7 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.
- 8.8 The Clerk/RFO shall have delegated authority to authorise the payment of items only in the following circumstances-
- 8.8.1 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/RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council,
- 8.8.2 an expenditure item previously authorised under 8.9 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council, or,
- 8.8.3 fund transfers within the council's banking arrangements up to the sum of £2,000, provided that a list of such transfers shall be submitted to the next appropriate meeting of council.
- 8.9 For each financial year the RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively, Salaries, PAYE and NI, Superannuation Fund and regular maintenance or supply contracts and the like) for which council may authorise payment for the year provided that the requirements of regulation 4.1 (Reporting and Controls) are adhered to.

- 8.10 Regular payments made under 8.9 above shall be included on the schedule of receipts and payments submitted to council meetings in the same way as other payments listed in accordance with 9.8 below subject to -
- 8.10.1 any confidentiality agreements entered into according to 10.4 below regarding payments of salaries, and,
 - 8.10.2 an annual record of salary payment in the form of a P60 record for each employee being retained for inspection by any person specified in 10.4 below.
- 8.11 In respect of support grants a duly authorised committee shall approve expenditure within any limits set by council and in accordance with any policy statement approved by council. Any Revenue or Capital Grant in excess of £1,500 shall before payment be subject to ratification by resolution of the council.
- 8.12 In making decisions 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.
- 8.13 The council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time..

9. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

- 9.1 The council will make safe and efficient arrangements for the execution of its authorised payments in a manner which leaves a full and complete audit trail.
- 9.2 Following authorisation under Financial Regulation 8 above the council, or if so delegated, the Clerk/RFO, shall give instruction that a payment shall be made by one of the means in the immediately following sections, 9.3 - 9.7.
- 9.3 **Payments made by cheque** shall be in accordance with the following procedure:
- 9.3.1 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 members of council in accordance with a resolution instructing that payment.
 - 9.3.2 If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the payment in question.
 - 9.3.3 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.
 - 9.3.4 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 at the next convenient meeting.
- 9.4 **Payments made via online banking** shall be in accordance with the following procedure:
- 9.4.1 The RFO (or such other person as authorised to deputise) will submit an online payment for authorisation by others. At least one other person, normally a member, should also be registered in accordance with section 8.1 above to enable submission of a payment. Any person registered to submit payments shall not also be registered to authorise payments.
 - 9.4.2 Following the submission of the payment two other members, who have been registered for internet banking in accordance with section 8.1 above shall authorise the payment.

9.4.3 Evidence must be retained showing which members approved the payment and this requirement may be satisfied by the online bank record held by the bank.

9.5 Payments made by Direct Debit or Standing Order

9.5.1 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-

9.5.1.1 the instructions are signed by two members, and,

9.5.1.2 any payments are reported to council in accordance with 9.8 below.

9.5.2 If thought appropriate by the council, payment for certain items may be made by banker's standing order provided that-

9.5.2.1 the instructions are signed, or otherwise evidenced, by two members,

9.5.2.2 the instructions are retained,

9.5.2.3 any payments are reported to council in accordance with 9.8 below, and,

9.5.2.4 the approval of the use of a banker's standing order or variable direct debit is renewed by resolution of the council at least once every two years.

9.6 Payments made by Business Debit Card

9.6.1 In lieu of a petty cash float the Clerk/RFO will be issued with a Business Debit Card issued by the Council's bank and the use of it will be subject to the following conditions:

9.6.1.1 authority to incur expense shall be in accordance with Section 5 of these regulations;

9.6.1.2 payment for goods or services ordered online may be made with the Business Debit Card;

9.6.1.3 transactions and purchases made will be reported to the council in accordance with 9.8 below; and,

9.6.1.4 personal credit or debit cards of members or staff shall not be used under any circumstances.

9.7 Payments made in cash

9.7.1 The council will only make payments for goods and service in cash in exceptional circumstances.

9.7.2 Single and non-recurring payments may be made in cash for the supply of goods and services only at the request of the supplier. Such payments shall be authorised by duly minuted resolution of a properly called meeting of the council where full details of the supply will be recorded.

9.7.3 A supplier paid in cash may only receive a single payment.

9.7.4 Supplies of regular or repeating goods or services may not be paid for in cash.

9.7.5 The Clerk/RFO is authorised to use the Business Debit Card to obtain cash at a post office or ATM to make a payment authorised in section 9.7.2 above, such authorisation overriding any limits set elsewhere in these regulations.

9.8 A schedule of all receipts and of payments made by whatever means shall be reported to the following council meeting and each schedule shall be for a period consecutive with the previous schedule so as to accurately reflect continuity of entries in the cash book.

9.9 The approval of the use of internet banking shall be renewed by resolution of the council annually and the names of members registered with their authorised enablement shall be recorded.

9.10 Where internet banking arrangements are made with any bank, the Clerk/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 either view, initiate or approve transactions on those accounts.

9.11 The council will not maintain any form of cash float. All cash received must be banked intact.

10. PAYMENT OF SALARIES

- 10.1 As an employer, the council shall make arrangements to meet 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 in accordance with 1.14.2 and 3.7 above.
- 10.2 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 -
- 10.2.1 must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts,
- 10.2.2 must be reported to the next available council meeting, as set out in these regulations at 9.8 above, unless to do so would infringe any employee's right to confidentiality as set out in 10.4 below,
- 10.2.3 will be authorised as a bank payment in accordance with 9.4.1 above with the submission and request for authorisation being accompanied by a copy of the pay slip relevant to the payments being made, and
- 10.2.4 will be evidenced by the tabling
- 10.3 No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment except by prior resolution of the council.
- 10.4 Employees may exercise their right to have each and every payment of net salary and to the appropriate creditor of the statutory and discretionary deductions recorded in a separate confidential record (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than-
- 10.4.1 by any councillor who can demonstrate a need to know,
- 10.4.2 by the internal auditor,
- 10.4.3 by the external auditor, or,
- 10.4.4 by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 10.5 Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.
- 10.6 Before employing interim staff the council must consider a full business case.

11. LOANS AND INVESTMENTS

- 11.1 All borrowings shall be effected in the name of the council as a corporate body, 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.
- 11.2 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.
- 11.3 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 Chairman of the council at the same time as one is issued to the Clerk/RFO.
- 11.4 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.

- 11.5 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.
- 11.6 All investments of money under the control of the council shall be in the name of the council.
- 11.7 All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk/RFO.
- 11.8 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).

12. INCOME

- 12.1 The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 12.2 Particulars of all charges to be made for work done, services rendered or goods supplied by the council 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.
- 12.3 The council will review all fees and charges at least annually, following a report of the Clerk.
- 12.4 Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
- 12.5 All cash sums received on behalf of the council shall be banked intact as directed by the RFO. In all cases, cash or cheque receipts shall be deposited with the council's bankers as soon as practicably possible.
- 12.6 The origin of each cash or cheque receipt shall be entered on the paying-in slip.
- 12.7 Personal cheques shall not be cashed out of money held on behalf of the council.
- 12.8 Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually soon after the financial year end.
- 12.9 Where any significant sums of cash are regularly received by the council, the RFO shall take such steps as are agreed by the council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.
- 12.10 Receipts by online transfer must record in the cash book in accordance with Regulation 1.10-
- 12.10.1 the date shown on the bank statement,
- 12.10.2 the reference shown on the bank statement, and,
- 12.10.3 an explanation of the origin of the receipt.

PART 5 – ASSETS AND RISKS

13. ASSETS, PROPERTIES AND ESTATES

- 13.1 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.

- 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 Reg.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 Financial Regulation 15.1), the RFO shall effect all insurances and negotiate all claims on the council's insurers.
- 14.2 The RFO shall keep a record of and annually review all insurances effected by the council and the property and risks covered thereby.
- 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 If the council so determines, 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 periodically by the council.

15. RISK MANAGEMENT

- 15.1 The council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
- 15.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.
- 15.3 With regard to internet banking a note shall be made of the Service Administrator's PIN, Passwords and other security questions and placed in a sealed envelope and retained by the Chairman of Council. 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.

- 15.4 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.
- 15.5 Back-up copies of the records on any computer shall be made regularly and at intervals of not more than one month.
- 15.6 Back-up copies will be stored by cloud services and access details will be held by the Clerk and the Chairman.
- 15.7 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.
- 15.8 Access to any internet banking accounts will be directly to the access page (which may be bookmarked) 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.

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 Clerk/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.

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Amendment record

March 2021 - Addition of regulation at 9.7 concerning payments made in cash. Other related minor amendments to payments procedures including use of Business Debit Card.

Jan 2020 – Full revision including numbering and sequence, introduction of Parts

July 2016 – 5.5 revised and 5.5.2 added

Nov 2018 – 2.2 frequency of bank rec checks

3.3 three year forecast

4 Authority to incur expense

4.1.3 the clerk up to £250

5 Authorisation of payments

5.5.2 hard copy invoices above £100 need two counter signatories - ?£150

6 Instructions for making payments (i.e. the Procedure)

Change Instructions to Process

6.1.5 Debit card max is £150

6.1.6 DELETE - Pre paid debit card has been replaced by Lloyds Corporate Card