

# Portishead Town Council Financial Regulations



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## **1. GENERAL**

- 1.1. These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. Financial regulations are one of the Council's three governing policy documents providing procedural guidance 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:
  - 1.3.1.1. for the timely production of accounts.
  - 1.3.1.2. that provide for the safe and efficient safeguarding of public money.
  - 1.3.1.3. to prevent and detect inaccuracy and fraud; and
  - 1.3.1.4. 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, 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.
- 1.9. The RFO:
  - 1.9.1. Reports to the Deputy Clerk.
  - 1.9.2. Acts under the policy direction of the Council.
  - 1.9.3. Administers the Council's financial affairs in accordance with all Acts, regulations and proper practices.
  - 1.9.4. Determines on behalf of the Council its accounting records and accounting control systems.
  - 1.9.5. Ensures the accounting control systems are observed.

- 1.9.6. Maintains the accounting records of the Council up to date in accordance with proper practices.
- 1.9.7. Assists the Council to secure economy, efficiency, and effectiveness in the use of its resources; and
- 1.9.8. 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, with 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:
    - 1.11.1. entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate;
    - 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 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:
  - 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 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; and
- 1.13.7. addressing recommendations in any report from the internal or external auditors,

shall be a matter for the full Council only.

1.14. In addition, the Council must:

- 1.14.1. determine and keep under regular review the bank mandate for all Council bank accounts.
- 1.14.2. approve any grant payable in excess of £10,000 or more.
- 1.14.3. approve any other single commitment in excess of £3,000 at a committee and in excess of £10,000 at Full Council; and
- 1.14.4. in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the Clerk and any relevant Committee in accordance with its terms of reference.

1.15. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils - a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

## **2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)**

- 2.1. All accounting procedures and financial records of the Council shall be determined by the RFO and Town Clerk in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 2.2. On a regular basis, at least once in quarter, and at each financial year end, a Member other than the Chairman or a cheque signatory shall be appointed to verify bank reconciliations for all accounts for the month in question. The review is to ensure that no long-standing cheques or other anomalous entries are in existence. Where cheques remain unpaid for any length of time, the matter should be examined to establish whether or not a replacement cheque should be issued. The Member shall sign the reconciliations and the original bank statements or similar document as evidence of the verification. This activity shall on conclusion be reported, including any exceptions, to

and noted by the Council Staffing and Finance Committee. Bank reconciliations will be presented at the Town Council meetings.

- 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 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:
  - 2.6.1.1. be competent and independent of the financial operations of the Council;
  - 2.6.1.2. report to Council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year.
  - 2.6.1.3. To demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
  - 2.6.1.4. 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:
  - 2.7.1. perform any operational duties for the Council.
  - 2.7.2. initiate or approve accounting transactions; or
  - 2.7.3. direct the activities of any Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.8. 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 the end of December, 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 relevant Committee and the Council.
- 3.2. The Council shall consider annual budget proposals in relation to the Council's forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.3. 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:
  - 4.1.1. For items of up to £750 (excluding VAT) by the Clerk and the Deputy Clerk.
  - 4.1.2. For items of £750 to £3,000 (excluding VAT) by the Clerk, Deputy Clerk plus the Chairman of the Council, or the Vice-Chairman of Council if the Chairman is not available, or the relevant Committee for the type of expenditure.
  - 4.1.3. For items of £3,000 to £10,000 (excluding VAT) by the full Town Council or the relevant Committee for that type of expenditure.
  - 4.1.4. For items of more than £10,000 (excluding VAT) by the full Town Council.
  - 4.1.5. For payment of Community Grants of less than £10,000 by the Community Matters Committee. In considering and approving any grants the Community Matters Committee shall seek advice from the RFO, Clerk, the Chair of the Staffing and Finance Committee and the Grants Working Party.

- 4.1.6. For payment of Community Grants of £10,000 or more by the full Town Council, that shall seek advice and receive a recommendation from the Community Matters Committee.
- 4.1.7. The Staffing and Finance Committee is also authorised to approve all banking, investment and insurance contracts and associated deposits and expenses, without limitation by the above delegated authorities.
- 4.2. The approval of expenditure in accordance with the above delegated authorities may be evidenced by signature or approval by email or other electronic means by the relevant persons (including approval of purchase orders). Where approval of the Town Council or a Committee is required this will be evidenced by a minute of the meeting at which the expenditure was approved.
- 4.3. A list of all payments and a bank reconciliation will be reported to the full Town Council for approval at a meeting after the month of payment.
- 4.4. Contracts may not be disaggregated to avoid controls imposed by these regulations.
- 4.5. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Council, or duly delegated Committee. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate 'virement'.
- 4.6. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.7. The RFO will inform Committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.8. In cases of extreme risk to the delivery of Council services, the RFO and Clerk may authorise revenue expenditure on behalf of the Council which in their 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 £5,000. The RFO shall report such action to the Chairman of Council as soon as possible and to the Council or Committee as soon as practicable thereafter.
- 4.9. 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.
- 4.10. All capital works shall be administered in accordance with the Council's Standing Orders and financial regulations relating to contracts.

- 4.11. The RFO shall regularly provide the Council with a statement of income and expenditure to date under each heading of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter, preferably to be presented at every Town Council meeting and shall show explanations of material variances. For this purpose, "material" shall be in excess of £100 or 15% of the budget (whichever is higher).
- 4.12. 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; banking arrangements may not be delegated to a Committee. They shall be regularly reviewed for safety and efficiency.
- 5.2. The RFO shall prepare a schedule of Bank Transfer electronic payments over £750 requiring authorisation on a regular basis and that schedule together with copy invoices shall be authorised by two Members one of which shall be the Chairman of Council, or the Vice Chairman of the Council if he / she is not available, or the Staffing & Finance Chair in advance of payment being made. Payments under £750 can be authorised by the Clerk or Deputy Clerk. Authorisation being by signature or exchange of emails. The RFO shall also prepare a schedule of all payments made to form part of the agenda for a Council meeting. The Council shall review the schedule for compliance. The approved schedule shall be initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.
- 5.3. 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.
- 5.4. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, on a timely basis subject to obtaining approvals in accordance with regulation 5.2.

- 5.5. The RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
- 5.5.1. 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 opportunity to obtain approval in accordance with regulation 5.2 ,where the RFO certifies that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of the Council;
  - 5.5.2. An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of the Council.
  - 5.5.3. Fund transfers within the Council's banking arrangements, provided that a list of such payments shall be submitted to the next appropriate meeting of Council or staffing and finance Committee.
- 5.6. 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 contracts and the like for which Council, or a duly authorised Committee, may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of Council.
- 5.7. A record of regular payments made under 5.6 above shall be drawn up and be signed by two Members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and / or made. This requirement shall also be satisfied by the approval of two Members under regulation 5.2.
- 5.8. In respect of Community 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 of £10,000 or more shall before payment, be subject to ratification by resolution of the Council.
- 5.9. Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.
- 5.10. The Council will aim to rotate the duties of Members in these Regulations so that onerous duties are shared out as evenly as possible over time.

- 5.11. Any changes in the recorded details of suppliers, such as bank account records, shall be obtained in writing approved by the RFO.

## **6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS**

- 6.1. The Council will make safe and efficient arrangements for the making of its payments.
- 6.2. Following authorisation under Financial Regulation 5 above, the Council a duly delegated Committee or the Clerk, Deputy Clerk or RFO shall give instruction that a payment shall be made.
- 6.3. All payments shall be effected by cheque, debit card, electronic transfer, direct debit or other instructions to the Council's bankers, or otherwise, in accordance with a resolution of Council.
- 6.4. Cheques or orders for payment drawn on the bank account in accordance with approval in accordance with regulation 5.2 shall be signed by two Members of Council, in accordance with a resolution instructing that payment. A Member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.
- 6.5. 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. 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.
- 6.7. If thought appropriate by the Council, payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed, or otherwise evidenced by two Members are retained and any payments are reported to Council as made. The approval of the use of a banker's standing order shall be renewed by resolution of the Council at least every two years.
- 6.8. If thought appropriate by the Council, payment for certain items may be made by BACS or CHAPS electronic payment methods provided that the instructions for each payment are signed, or otherwise evidenced, by two Members and any payments are reported to Council in accordance with regulation 5.2. 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 or debit card provided evidence is retained showing which Members or Clerk or Deputy Clerk approved the payment.
- 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.
- 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 directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for Council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.15. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy or email notification by the supplier. A programme of regular checks of standing data with suppliers will be followed.
- 6.16. Any Debit Card or Charge Card issued for use will be specifically restricted to the Clerk, Deputy Clerk and the RFO and will also be restricted to a single transaction maximum value of £500 unless authorised by Members, Council or Staffing & finance Committee in accordance with delegated authority limits in writing before any order is placed.
- 6.17. The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses up to a maximum amount of £15 each. Receipts for payments made shall be passed to the Office Manager with a claim for reimbursement and filed.
  - 6.17.1. The Office Manager shall maintain a petty cash float of up to £50 for the purpose of defraying operational and other expenses. Receipts for payments made from petty cash shall be kept substantiating the payment. It is the responsibility of the RFO to monitor the process.

- 6.17.2. Income received may be paid into the petty cash float provided the income is correctly recorded in the accounting records and dealt with as a cashbook receipt or cash book transfer within the accounting records.
- 6.17.3. Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under 5.2 above. All Petty cash to be kept on Council premises securely, ideally in a safe or lockable drawer / cash box. Access to the cash box is restricted to the Office Manager, Clerk, RFO and Deputy Clerk. The amount of the Petty cash float should not exceed £50 and the total cash kept on the premises should not exceed £250.
- 6.17.4. The Petty cash float is to be reconciled on a monthly basis and reconciliation presented to Town Council meetings. Where irregularities are detected, the Clerk must be informed immediately, and the matter investigated.
- 6.18. Cheques which remain unpresented after a period of 3 months or more from the date of issue will be cancelled. Prior to their cancellation the RFO should make all reasonable attempts to contact the payee, establish whether they still hold the cheque and intend to bank it. Alternative forms of payment may be offered. Details of any cancelled cheques must be recorded in the cashbook as a negative payment and analysed to ensure no duplication of expenditure.

## **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 rate ranges shall be as agreed by Council, or duly delegated Committee.
- 7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available Council meeting, as set out in these regulations above.
- 7.3. No changes, other than contractual, shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council or relevant Committee, other than the annual increment and national public sector pay rise as stated in employees' contracts.
- 7.4. 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 (confidential cash book or other control record). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:

- 7.4.1. by any Councillor who can demonstrate a need to know.
  - 7.4.2. by the internal auditor.
  - 7.4.3. by the external auditor; or
  - 7.4.4. by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5. The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.
- 7.6. Subject to satisfactory performance on the 1<sup>st</sup> April each year, salaries should rise by annual increments up to the top of the salary range.
- 7.7. Any termination payments shall be supported by a clear business case and reported to the Council or Staffing & Finance Committee. Termination payments shall only be authorised by Council or Staffing & Finance Committee.
- 7.8. Before employing interim staff, the Council or relevant Committee must consider a full business case.

## **8. LOANS AND INVESTMENTS**

- 8.1. All borrowings shall be affected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The application for borrowing approval, and subsequent arrangements for the loan shall only be approved by full Council.
- 8.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the full Council. In each case a report in writing shall be provided to Council in respect of value for money for the proposed transaction.
- 8.3. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.4. The Council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Council at least annually.
- 8.5. All investments of money under the control of the Council shall be in the name of the Council.

- 8.6. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.7. Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).

## **9. INCOME**

- 9.1. The 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 Clerk and 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 asap and intact and recorded as a cashbook receipt in accordance with regulation 6.18(b), 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. Manual receipts must be dated, the payers name recorded, and all required information completed. Only then should the receipt be signed by the Member of staff collecting the income.
- 9.8. All cheques should be made payable to Portishead Town Council and crossed "a/c payee only".
- 9.9. All post-dated cheques received are returned to the payee unless the cheque is dated within a week of receipt. Cheques returned to payees are sent with a covering letter.
- 9.10. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.11. 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 at least annually coinciding with the financial year end.
- 9.12. Where any significant sums of cash are regularly received by the Council, the Clerk or 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.

- 9.13 It should be noted that current insured levels are up to £2,500 in a locked safe and £350 out of a safe at PTC premises out of business hours. Therefore, care should be taken to avoid amounts held at any time being in excess of the above limits and as a matter of operating policy the amount of the petty cash float should not exceed £50 and the total cash kept on premises should not exceed £250.
- 9.14 Where cash and cheques are received the following controls must be applied:
- 9.14.1 All cash and cheques must be held securely when on Council premises pending banking, ideally in a safe or in a lockable drawer/cash box.
- 9.14.2 Any floats must be held in a safe, or lockable drawer or cash boxes for smaller amounts when not in immediate use.
- 9.13 Any member of staff who thinks that there may have been a theft or other case of misappropriation of the Council's income must inform the Clerk immediately. Where it is suspected that the Clerk may be involved then the Chairman of the Council and Internal Auditor should be informed.

The Clerk must report any matter to the Chairman of the Council and the Internal Auditor. Any member of staff who has any query about the Banking and Cash Handling Procedures must ask the Clerk, Deputy Clerk or RFO for assistance.

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

- 10.1 An official Purchase Order number shall be issued for all work, goods, and services of a value of £100 or more (including VAT) unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 10.2 Order books (including the purchase order log) shall be controlled by the RFO.
- 10.3 A Member may not issue an order or make any contract on behalf of the Council.
- 10.4 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
- 10.5 Officers can source directly with 1 supplier for goods and services costing below £750 ex VAT, although best practice would be to seek 3 quotes
- 10.6 For goods or services costing £750 to £3,000, 3 written (email) quotes will be sought
- 10.7 For goods or services costing £3,000 to £10,000 a detailed spec will be drawn up to seek at least 3 binding written quotes

- 10.8 A detailed spec and tendering document will be drawn up including selection criteria and advertised on the Council website and Contracts Finder for any spending over £10,000 and below £189,330. A signed contract is required.
- 10.9 National regulations must be followed for any spending over £189,330.
- 10.10 All suppliers must be a registered business, charity, or sole trader, must provide a description, timeline, and quote and hold relevant insurance.
- 10.11 Possible procurement exemptions:
- 10.11.1 Specialist services e.g., solicitors, accountants, surveyors and planning consultants.
  - 10.11.2 Repairs to, or parts for existing machinery or equipment or plant.
  - 10.11.3 Products or services which constitute an extension of an existing contract by the Council.
  - 10.11.4 Once the Supplier Frameworks have been procured, opportunities under £25,000 can be offered direct to companies which have been selected through the Supplier Framework official process.
  - 10.11.5 For fixed price products or services which are 'off the shelf' e.g., from a shop or training course.
- 10.12 If a possible procurement exemption is considered appropriate by the Clerk or Deputy Clerk, this must be agreed at the relevant Committee
- 10.13 For any purchase, the Clerk or Deputy Clerk shall verify the relevant lawful nature before the issue of any order or purchase and state the power being used. For goods and services costing under £750 this will be noted in the Purchase Order log, for goods and service costing over £750 the legal power will be recorded within the Committee resolution.

## **11 CONTRACTS**

- 11.1 Procedures as to contracts are laid down as follows:
- 11.1.1 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 (i) to (vi) below:
    - 11.1.1.1 for the supply of gas, electricity, water, sewerage and telephone services.
    - 11.1.1.2 for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.
    - 11.1.1.3 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.

- 11.1.1.4 for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council.
- 11.1.1.5 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 Chairman and Vice Chairman of Council); and
- 11.1.1.6 for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- 11.2 Where the Council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the Council shall comply with the relevant requirements of the Regulations<sup>1</sup>.
- 11.3 The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)<sup>2</sup>.
- 11.4 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.
- 11.5 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.
- 11.6 If less than three tenders are received for contracts above £25,000 or if all tenders are identical the Council may make arrangements as it thinks fit for procuring the goods or materials or executing the works.
- 11.7 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.
- 11.8 Any invitation to tender issued under this regulation shall be subject to Standing Order 18(d), and shall refer to the terms of the Bribery Act 2010.

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<sup>1</sup> 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

<sup>2</sup> Thresholds currently applicable are:

- a. For public supply and public service contracts 209,000 Euros (£181,302)
- b. For public works contracts 5,225,000 Euros (£4,551,413)

- 11.9 The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 11.10 Should it occur that the Council, 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)**

- 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 RFO 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 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.
- 13.2 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.3 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

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

- 14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The Clerk shall ensure a record is maintained of all properties held by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents

payable and purpose for which held in accordance with Accounts and Audit Regulations.

- 14.2 No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £500 (excluding VAT).
- 14.3 No real property (interests in land) shall be sold, leased, or otherwise disposed of without the authority of the Council, together with any other consents required by law. In each case a report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an appropriate level of consultation with the electorate).
- 14.4 No real property (interests in land) shall be purchased or acquired without the authority of the full Council. In each case a report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an appropriate level of consultation with the electorate).
- 14.5 Subject only to the limit set in Regulation 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full Council. In each case a report in writing shall be provided to Council with a full business case.
- 14.6 The Clerk and 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.
- 14.7 Security of and Access to Safes:
- 14.7.1 Only the Clerk and Deputy Clerk will have access to the safe.
- 14.7.2 Safe keys must be held on the person of the authorised key holders at all times and must not be left unattended on the premises as this will invalidate insurance cover.
- 14.7.3 A safe may be open only when in immediate use; and when the Clerk or Deputy Clerk is in the immediate vicinity.
- 14.7.4 Whenever the authorised key holder leaves the Council, changes employment or temporary cover ends, the Chairman must ensure that the safe key is received, and records updated.
- 14.7.5 Any loss of a safe key must be reported immediately to the Council.

## **15 INSURANCE**

- 15.1 Following the annual risk assessment (per Regulation 16), the RFO shall affect all insurances and negotiate all claims on the Council's insurers in consultation with the Clerk.
- 15.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.3 The Clerk and RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim and shall report these to Council at the next available meeting.
- 15.4 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 annually by the Council, or duly delegated Committee.

## **16 RISK MANAGEMENT**

- 16.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk with 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.
- 16.2 When considering any new activity, the Clerk with the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## **17 SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

- 17.1 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.
- 17.2 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.

Version 1	16/2/18	Full Council
Version 2	27/05/20	Full Council
Version 3	17/03/21	Full Council
Version 4	23/02/22	Staffing & Finance Committee
Version 4	16/03/22	Full Council