

# **Kingsteignton Town Council Financial Regulations**

Kingsteignton Town Council Financial Regulations are based on the National Association of Local Councils (NALC) Model Financial Regulations issued in January 2016.

Updated March 23

To be reviewed March 24

# KINGSTEIGNTON TOWN COUNCIL

## FINANCIAL REGULATIONS

### INDEX

1.	GENERAL.....	2
2.	ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL).....	4
3.	ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING .....	5
4.	BUDGETARY CONTROL AND AUTHORITY TO SPEND.....	5
5.	BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS .....	6
6.	INSTRUCTIONS FOR THE MAKING OF PAYMENTS.....	8
7.	PAYMENT OF SALARIES .....	10
8.	LOANS AND INVESTMENTS .....	11
9.	INCOME .....	12
10.	ORDERS FOR WORK, GOODS AND SERVICES .....	13
11.	CONTRACTS .....	13
12.	PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS (PUBLIC WORKS CONTRACTS).....	13
13.	STORES AND EQUIPMENT .....	14
14.	ASSETS, PROPERTIES AND ESTATES.....	14
15.	INSURANCE.....	14
16.	CHARITIES.....	15
17.	RISK MANAGEMENT.....	15
18.	SUSPENSION AND REVISION OF FINANCIAL REGULATIONS.....	15

## **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 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 or receipts and payments account relate.
- a record of the assets and liabilities of the council; and
- wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

**1.12.** The accounting control systems determined by the RFO shall include:

- procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible.
- procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records.
- identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions.
- procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and
- measures to ensure that risk is properly managed.

**1.13.** The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

- setting the final budget or the precept (Council Tax requirement).
- approving accounting statements.
- approving an annual governance statement.
- borrowing.
- writing off bad debts.
- declaring eligibility for the General Power of Competence; and
- addressing recommendations in any report from the internal or external auditors shall be a matter for the full council only.

**1.14.** In addition, the council must:

- determine and keep under regular review the bank mandate for all council bank accounts.
- That the Clerk and Responsible Finance Officer are signatories on the bank account for purposes of speaking with bank officials and are **not** permitted to sign any cheques or forms of payment.
- approve any grant or a single commitment in excess of **£5000**; and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.

**1.15.** In these financial regulations, references to the Accounts 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 the National Association of Local Councils (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.** On a regular basis, at least once in each quarter, and at each financial year end, the Chair of Finance shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Council or Finance Committee.

**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:

- 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.** Each committee (if any) shall review its two-year forecast of revenue and capital receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the council not later than the end of November each year including any proposals for revising the forecast.
- 3.2.** 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 Finance Committee before being recommended to the Full Council for approval.
- 3.3.** The council shall consider annual budget proposals in relation to the council’s two-year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.4.** The council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than the January Full Council meeting to guarantee everything is complete by 15 January with the opportunity to hold as Extraordinary Full Council Meeting before the end of January each year if it should be required . The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.5.** The approved 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 in each approved committee budget This authority is to be determined by:
- the council for all items over £10,000 is duly delegated to Committee

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 Mayor or appropriate Chairman. Contracts may not be disaggregated to avoid controls imposed by these regulations.

- 4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').
- 4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.4. The salary budgets are to be reviewed at least annually in October for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Mayor of the Council or relevant committee. 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 **£5000**. The Clerk shall report such action to the Mayor or appropriate Chairman as soon as possible and to the council as soon as practicable thereafter. Once a quotation has been agreed by the Council, the Clerk is authorised to order items, proceed with payment, and make judgements on necessary minor adjustments if circumstances change.
- 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 regularly provide the council with a statement of receipts and payments to date under each head 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 and shall show explanations of material variances. For this purpose, "material" shall be in excess of **15%** of the budget.
- 4.9. Changes in earmarked reserves shall be approved by the 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 payments that have been made during the month which shall form part of the agenda for the meeting and, together with the relevant invoices, present the schedule to the Finance Committee. The Payment Procedure for Kingsteignton Town Council is as detailed below:

1. All invoices received are approved for payment by the RFO, who will ensure that goods have been received or works completed.
2. The RFO/FO will check the arithmetical accuracy of invoices.
3. All invoices (including those to be paid by Direct Debit or Standing Order, or already paid by Debit Card) are scanned and emailed to three councillors for approval purposes.
4. On receipt of emails from two councillors confirming approval for payment, the RFO will make any payments due by internet banking with the Clerk or Councillor present.
5. Copies of approval emails will be retained with invoices.
6. All payments made will be summarised on a schedule and, together with copy bank statements, subject to a post payment review by the RFO. Such review to be on a regular basis and not less than quarterly.
7. A copy of the post payment review will be retained with invoices.
8. Details of all income and expenditure will be provided to members of the Finance Committee at each Finance meeting.
9. Bank reconciliations will be produced at each Finance meeting by the RFO. These will be forwarded to the Chair of the Finance Committee or other duly approved Councillor. The bank reconciliations will be reviewed and approved by the Chair/duly approved Councillor, signed, dated, and then returned to the RFO.
10. Debit Card payments will only be made after authorisation by the RFO and only for items where it is necessary for reasons of urgency etc., such payments will be subject to both post payment review (see 6 above) and Councillor review (see 3 above)
11. A schedule of regular payments made by DD or SO will be provided to each member of the Finance Committee
12. The council Debit Card and Login details are stored separately with access to both being restricted to the Clerk/RFO.

The Committee shall review the schedule for compliance. The approved schedule shall be ruled off and initialled by the Mayor or 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. The RFO will initial and date each invoice after these checks have been performed.
- 5.4.** The RFO shall examine invoices for arithmetical accuracy and then code to the appropriate expenditure heading. PDF copies of all invoices will then be emailed by the RFO to three Councillors for information purposes (where paid under existing standing



order, direct debit, or other arrangements) for approval for payment purposes. On receipt of confirmatory email replies from two out of three councillors the RFO will make any payments due. Alternatively, any of the councillors may come into the office and review/approve original invoices. Copies of emails received from councillors are to be retained with the relevant invoices. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available Council or Finance Committee Meeting.

**5.5.** The Clerk/RFO shall have delegated authority to authorise the payment of items only in the following circumstances:

- a) 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 the Council or Finance Committee, where the Clerk/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 Finance Committee;
- b) 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 or Finance Committee; or
- c) fund transfers within the councils banking arrangements up to the sum of £10,000 , provided that a list of such payments shall be submitted to the next appropriate meeting of the Council or 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 the Council or Finance 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 the Council or Finance Committee.

**5.7.** A schedule of regular payments made each month under 5.6. above shall be prepared by the RFO each month and checked by two councillors against the annual list – thus controlling the risk of duplicated payments being authorised/made.

**5.8.** In respect of 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 **£5000** 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 approved in writing by a Member.

## **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.** All invoices will be approved for payment by the Clerk/RFO, agreed by councillors in accordance with Section 5.4, paid by the RFO and then be subject to a post payment review by the Clerk/RFO who will check bank details are correct and confirm with copy bank statements produced. All payments made will be subject to review by the Finance Committee at monthly intervals.
- 6.3.** All payments shall be affected by BACS or other instructions to the council's bankers, or otherwise, in accordance with a resolution of the 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 Finance Committee 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/or invoice.
- 6.6.** Cheques or orders for payment shall be signed in the Council Offices in the presence of the Town Clerk, Responsible Financial Officer, or the Finance Officer. All payments signed shall be reported to the Council or Finance Committee at the next convenient meeting.
- 6.7.** 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 or Finance Committee at least every two years.
- 6.8.** If thought appropriate by the council, payment for certain items (principally salaries) may be made by BACS 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 resolution of the Council or Finance Committee shall renew BACS at least every two years.
- 6.9.** 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 or members of the Finance Committee, are retained and any payments are reported to council as made. Resolution of the Council or Finance Committee shall renew the approval of the use of BACS or CHAPS at least every two years.
- 6.10.** If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.11.** 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.
- 6.12.** 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.

- 6.13.** 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.
- 6.14.** 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 several councillors who will be authorised to approve transactions on those accounts. The bank mandate will clearly state 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.
- 6.15.** 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.
- 6.16.** Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by two members of the council. A programme of regular checks of standing data with suppliers will be followed.
- 6.17.** Any Debit Card issued for use will be specifically restricted to the Clerk/RFO and will also be restricted to a single transaction maximum value of £1,500 unless authorised by the Council or Finance Committee in writing before any order is placed.
- 6.18.** Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk/RFO and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members of staff shall not be used except in exceptional circumstances with prior approval by the Clerk/RFO.
- 6.19.** The RFO may provide petty cash to officers for the purpose of defraying operational or other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement.
- a) The RFO shall maintain a petty cash for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept, substantiating the payment. The RFO will ensure Petty Cash held does not exceed £300 and will bank any monies held in excess of this.
- b) The cash booking payments should be used to "top up" the petty cash to a limit of £300 with the necessary correcting entries being made in the accounts.  
**Authorised by Finance Committee: 8 March 2017 - F27/17. Minutes ratified at Full Council meeting held on 5 April 2017**

## **7. PAYMENT OF SALARIES**

**Procedures for the payment of salaries for officers and employees of Kingsteignton Town Council are administered by the Payroll Department at Teignbridge District Council.**

- 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. The payment of all salaries and wages are provided by Teignbridge District Council's Payroll Services. It is the responsibility of the RFO to supply Teignbridge District council at such appropriate time, information necessary to make monthly salary, wage, tax, and pension payments.

- 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 Finance meeting, as set out in these regulations above. The RFO shall reconcile the detailed monthly schedule of payments made to employees with monthly invoice received from TDC. The RFO shall also review deductions made regarding tax, N.I and pension contributions.
- 7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the council. Changes to monthly payments following payment of authorised overtime and the like are to be authorised by the Clerk.
- 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). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
  - a) by any councillor who can demonstrate a need to know.
  - b) by the internal auditor.
  - c) by the external auditor; or
  - d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5. 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. An effective system of personal performance management should be maintained for the Clerk/RFO and all Council employees.
- 7.7. Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.
- 7.8. Before employing interim staff, the council must consider a full business case.

## **8. LOANS AND INVESTMENTS**

- 8.1. All 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. 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 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. The council shall review any Strategy and Policy 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 Clerk.
- 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 they occur. Debts below a de-minimus level of £100 (which will be reviewed annually by the Council as part of these regulations) may be written off by the Town Clerk. Debts above this limit may only be written off following approval by the Finance Committee.
- 9.5. All sums received on behalf of the council shall be banked intact, with the exception of paragraph 6.2 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. Every transfer of official money from one member of staff to another shall be signed for by the receiving officer. 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 claims due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 9.9. Where any significant sums of cash are regularly received by the council, the FO 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.

- 9.10.** Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any council meeting (see also Regulation 16 below).

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

- 10.1.** An official order or letter shall be issued by all authorised Officers for all work, goods, and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.

- 10.2.** The RFO shall control order books.

- 10.3.** All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11.1 below.

- 10.4.** A member may not issue an official order or make any contract on behalf of the council.

- 10.5.** The 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 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**

**“SEE APPENDIX 1 Contract Procedure Rules”**

## **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 Clerk to the contractor in writing, the council being informed where the final cost is likely to exceed the financial provision.

### **13. STORES AND EQUIPMENT**

**13.1.** The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.

**13.2.** Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.

**13.3.** Stocks shall be kept at the minimum levels consistent with operational requirements.

**13.4.** The 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 RFO shall ensure a record is maintained of all properties held by the council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.

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

**14.3.** No real property (interests in land) shall be sold, leased, or otherwise disposed of without the authority of the council, together with any other consents required by law. In each case a report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

**14.4.** No real property (interests in land) shall be purchased or acquired without the authority of the full council. In each case a report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

**14.5.** Subject only to the limit set in Regulation 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full council. In each case a report in writing shall be provided to council with a full business case.

**14.6.** The FO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

### **15. INSURANCE**

The RFO in consultation with the Town Clerk shall affect all insurance and negotiate all insurance and all claims on the Council's insurers. Such insurance will be subject to competitive quotations every 5 years.

- 15.1. Councillors shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 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 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. CHARITIES**

- 16.1. Where the council is sole managing trustee of a charitable body the Clerk/RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Clerk and RFO shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

## **17. RISK MANAGEMENT**

- 17.1. The council is responsible for putting in place arrangements for the management of risk. The Clerk/RFO or a nominated Councillor shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. The council shall review risk policy statements and consequential risk management arrangements at least annually.
- 17.2. When considering any new activity, the Clerk/RFO or a nominated Councillor shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

## **18. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

- 18.1. It shall be the duty of the council to review the Financial Regulations of the council from time to time. The Clerk shall decide to monitor changes in legislation or proper practices and shall advise the council of any requirement for a consequential amendment to these financial regulations.
- 18.2. The council may, by resolution of the council duly notified prior to the relevant meeting of council, suspend any part of these Financial Regulations if 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.



## **Proposition concerning the use and control of NatWest Bank Debit cards**

Any cards are held in the safe in the names of P BANNER and M LEWIS-CLARKE.

The aim of this is to simplify the operation of all Bank Accounts held in the name of Kingsteignton Town Council, to facilitate the financial reconciliation of all accounts at the month end, to simplify the payment of accounts due which will largely replace the current cheque payments with BACS payments and the notification of BACS payments received into our accounts.

The card is held securely under Customer No., Pin No and Password, either one of which I would recommend changing on a regular basis.

The current signing rules for our Bank Mandate provide for 2 authorised signatories on any instrument of instruction, this will continue in operation and extend to the supplemented instructions.

### **Brief Summary**

#### **Purchases**

The cards can only be used for the purchase of items above the Petty Cash classification.

An official Purchase Order, in duplicate, is to be raised for the item and both copies signed by two authorised signatories. Only then should the cards be used.

A "Reconciled" stamp has been purchase so that both copies of the Purchase Order can be stamped when the Bank Account is reconciled, and the goods received.

#### **BACS Payments**

BACS payments are to be made through Indirect Access via the NatWest Bank plc.

Invoices received will continue to be verified by the Finance Officer who will initial, date, and stamp each invoice as being "Approved" for payment. All invoices thus notated will be held in alphabetical order on the pending payment clip awaiting signature authoring payment from two mandated signatories.

BACS payments will be made in blocks to minimise the number of log ins.

On payment the BACS payment reference is to be noted on the bottom right-hand corner of the invoice, this number will be used as the Payment Reference no: in our Rialtas Alpha Accounts module.

All relevant paperwork will then be filed in the BACS Section of the Invoices Paid File.

*This will be a new and separate section to the one currently being used for Invoices being paid by cheques.*