



FINANCIAL REGULATIONS

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NEWTON ABBOT TOWN COUNCIL FINANCIAL REGULATIONS AND INTERNAL FINANCIAL CONTROLS

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TC = Town Clerk

DTC & RFO = Deputy Town Clerk & Responsible Financial Officer

F&A = Finance & Audit Committee

1. General

- 1.1. These Financial Regulations govern the financial management of Newton Abbot Town Council (NATC) and may only be amended or varied by resolution of the council. They are one of the NATC's governing documents and shall be observed in conjunction with NATC's Standing Orders.
- 1.2. Councillors are expected to follow these regulations and not to entice employees to breach them. Failure to follow these regulations brings the office of councillor into disrepute.
- 1.3. Wilful breach of these regulations by an employee may result in disciplinary proceedings.
- 1.4. In these Financial Regulations:
 - 'Accounts and Audit Regulations' mean the regulations issued under Sections 32, 43(2) and 46 of the Local Audit and Accountability Act 2014, or any superseding legislation, and then in force, unless otherwise specified.
 - "Approve" refers to an online action, allowing an electronic transaction to take place.
 - "Authorise" refers to a decision by the council, or a committee or an officer, to allow something to happen.
 - 'Proper practices' means those set out in *The Practitioners' Guide*
 - *Practitioners' Guide* refers to the guide issued by the Smaller Authorities Practices Panel (SAPPP) and published by NALC in England or Governance and Accountability for Local Councils in Wales – A Practitioners Guide jointly published by One Voice Wales and the Society of Local Council Clerks in Wales.
 - 'Must' and **bold text** refer to a statutory obligation the council cannot change.
 - 'Shall' refers to a non-statutory instruction by the council to its members and staff.
- 1.5. **The Responsible Financial Officer (RFO) holds a statutory office, appointed by the council. 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 control systems;
 - ensures the accounting control systems are observed;
 - ensures the accounting records are kept up to date;

- seeks economy, efficiency and effectiveness in the use of council resources; and
- produces financial management information as required by the council.

1.5.1 Deputy Responsible Financial Officer

The Council shall appoint a Deputy Responsible Financial Officer. In the absence of the Responsible Financial Officer, the Deputy Responsible Financial Officer shall undertake the duties of the Responsible Financial Officer and exercise such delegated authority as is necessary for the proper administration of the Council's financial affairs.

1.6. The council must not delegate any decision regarding:

- **setting the final budget or the precept (council tax requirement);**
- **the outcome of a review of the effectiveness of its internal controls**
- **approving accounting statements;**
- **approving an annual governance statement;**
- **borrowing;**
- **declaring eligibility for the General Power of Competence; and**
- **addressing recommendations from the internal or external auditors**

1.7. In addition, the council shall:

- determine and regularly review the bank mandate for all council bank accounts;
- authorise any grant or single commitment in excess of £150,000 (and F&A up to) £150,000;
- in respect of any annual salary for any employee, have regard to recommendations regarding annual salaries made by the Staffing Committee within its Terms of Reference.

2. Risk management and internal control

2.1. The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.

2.2. The TC, with the DTC & RFO, (or relevant senior officer) shall prepare, for approval by the Finance & Audit Committee, a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually.

2.3. When considering any new activity, the TC, with the DTC & RFO, shall prepare a draft risk assessment including risk management proposals for consideration by the council.

- 2.4. **At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.**
- 2.5. **The accounting control systems determined by the DTC & RFO must include measures to:**
- **ensure that risk is appropriately managed;**
 - **ensure the prompt, accurate recording of financial transactions;**
 - **prevent and detect inaccuracy or fraud; and**
 - **allow the reconstitution of any lost records;**
 - **identify the duties of officers dealing with transactions; and**
 - **ensure division of responsibilities.**
- 2.6. At least once in each quarter, and at each financial year end, The Chair of the Finance & Audit Committee shall verify bank reconciliations (for all accounts) produced by the DTC & RFO. The Chair shall sign and date the reconciliations as evidence of this. This activity, including any exceptions, shall be reported to and noted by the Finance & Audit Committee.
- 2.7. Regular back-up copies shall be made of the records on any council computer and stored either online or in a separate location from the computer. The council shall put measures in place to ensure that the ability to access any council computer is not lost if an employee leaves or is incapacitated for any reason.

3. Accounts and audit

- 3.1. All accounting procedures and financial records of the council shall be determined by the DTC & RFO in accordance with the Accounts and Audit Regulations.
- 3.2. **The accounting records determined by the DTC & RFO must be sufficient to explain the council's transactions and to disclose its financial position with reasonable accuracy at any time. In particular, they must contain:**
- **day-to-day entries of all sums of money received and expended by the council and the matters to which they relate;**
 - **a record of the assets and liabilities of the council.**
- 3.3. The accounting records shall be designed to facilitate the efficient preparation of the accounting statements in the Annual Governance and Accountability Return (AGAR).
- 3.4. The DTC & RFO shall complete and certify the annual Accounting Statements of the council contained in the AGAR in accordance with proper practices, as soon as practicable after the end of the financial year. Having certified the Accounting Statements, the DTC & RFO shall submit them (with any related documents) to the council, within the timescales required by the Accounts and Audit Regulations.

- 3.5. **The council must ensure that there is an adequate and effective system of internal audit of its accounting records and internal control system in accordance with proper practices.**
- 3.6. **Any officer or member of the council must make available such documents and records as the internal or external auditor consider necessary for the purpose of the audit** and shall, as directed by the council, supply the DTC & RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary.
- 3.7. The internal auditor shall be appointed by the council and shall carry out their work to evaluate the effectiveness of the council's risk management, control and governance processes in accordance with proper practices specified in the Practitioners' Guide.
- 3.8. The council shall ensure that the internal auditor:
- is competent and independent of the financial operations of the council;
 - reports to council in writing, or in person, on a regular basis with a minimum of one written report during each financial year;
 - can demonstrate competence, objectivity and independence, free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - has no involvement in the management or control of the council.
- 3.9. Internal or external auditors may not under any circumstances:
- perform any operational duties for the council;
 - initiate or approve accounting transactions;
 - provide financial, legal or other advice including in relation to any future 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.
- 3.10. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as described in The Practitioners Guide.
- 3.11. The DTC & 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 documents required by the Local Audit and Accountability Act 2014, or any superseding legislation, and the Accounts and Audit Regulations.

3.12. The DTC & RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

4. Budget and Precept

4.1. **Before setting a precept, the council must calculate its council tax requirement for each financial year by preparing and approving a budget, in accordance with The Local Government Finance Act 1992 or succeeding legislation.**

4.2. Budgets for salaries and wages, including employer contributions shall be reviewed by the TC and DTC & RFO at least annually in October for the following financial year. The DTC & RFO will inform committees of any salary implications before they consider their draft budgets.

4.3. No later than November each year, the DTC & RFO shall prepare a draft budget with detailed estimates of all income and expenditure for the following financial year, taking account of the lifespan of assets and cost implications of repair or replacement.

4.4. Unspent funds for partially completed projects may only be carried forward (by placing them in an earmarked reserve) with the formal approval of the DTC & RFO.

4.5. Each committee shall review its draft budget and submit any proposed amendments to the DTC & RFO not later than the end of November each year.

4.6. The draft budget with any committee proposals, including any recommendations for the use or accumulation of reserves, shall be considered by the Finance & Audit Committee and a recommendation made to the council.

4.7. Having considered the proposed budget and forecast, the council shall determine its council tax requirement by setting a budget. The council shall set a precept for this amount no later than the end of January for the ensuing financial year.

4.8. **Any member with council tax unpaid for more than two months is prohibited from voting on the budget or precept by Section 106 of the Local Government Finance Act 1992 and must disclose at the start of the meeting that Section 106 applies to them.**

4.9. The DTC & RFO shall **issue the precept to the billing authority no later than the end of February** and supply each member with a copy of the agreed annual budget.

4.10. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned. The DTC & RFO shall regularly provide the council with a statement of income and expenditure under each budget heading, comparing the actual expenditure to the planned expenditure as shown in the budget. These statements will be prepared

at least quarterly and provide explanations of material variances. For this purpose, 'material' shall be in excess of £30,000 of the budget.

- 4.11. Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the council or relevant committee within its limit of delegated authority as part of the budgetary control process.

5. Procurement

- 5.1. **Members and officers are responsible for obtaining value for money at all times.** Any officer procuring goods, services or works should ensure, as far as practicable, that the best available terms are obtained, usually by obtaining prices from several suppliers.
- 5.2. The DTC & RFO should verify the lawful nature of any proposed purchase before it is made and in the case of new or infrequent purchases, should ensure that the legal power being used is reported to the meeting at which the order is authorised and also recorded in the minutes, in the event that the General Power of Competence (GPoC) is not in operation.
- 5.3. Every contract shall comply with the council's Standing Orders and these Financial Regulations, and no exceptions shall be made, except in an emergency.
- 5.4. **For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Procurement Act 2023 and The Procurement Regulations 2024 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award and notification of that contract.**
- 5.5. Where the estimated value is below the Government threshold, the council shall (with the exception of items listed in paragraph 5.12) obtain prices as follows:
- 5.6. For contracts estimated to exceed £30,000 including VAT, the TC / DTC & RFO shall advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation. Tenders shall be invited in accordance with Appendix 1.
- 5.7. **For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation regarding the publication of invitations and notices.**
- 5.8. For contracts between £10,000 excluding VAT and £30,000 including VAT, the DTC & RFO (or appropriate senior officer) shall seek at least 3 fixed-price quotes.
- 5.9. Where the value is between £500 and £9,999, both excluding VAT, officers shall try to obtain 3 estimates, which might include evidence of online prices, or recent prices from regular suppliers.

- 5.10. For smaller purchases below £500 excluding VAT, the officers shall seek to achieve value for money.
- 5.11. **Contracts must not be split to avoid compliance with these rules.**
- 5.12. The requirement to obtain competitive prices in these regulations need not apply to contracts that relate to items (i) to (iv) below:
- i. specialist services, such as legal professionals acting in disputes;
 - ii. repairs to, or parts for, existing machinery or equipment;
 - iii. works, goods or services that constitute an extension of an existing contract;
 - iv. goods or services that are only available from one supplier or are sold at a fixed price.
- 5.13. The council shall **not** be obliged to accept the lowest or any tender, quote or estimate.
- 5.14. Individual purchases within an agreed budget for that type of expenditure may be authorised by:
- the TC, and DTC & RFO under delegated authority, for any items below £5,000 excluding VAT. The TC and DTC & RFO shall ensure effective and efficient use of resources when committing to expenditure. Authorisation by any officer must be supported by an auditable evidence trail.
 - the Clerk, in consultation with the Mayor of the Council and Chair of the Finance & Audit Committee, for any items below £20,000 excluding VAT.
 - {a duly delegated committee of the council for all items of expenditure within their delegated budgets for items under £49,999 excluding VAT}
 - {in respect of grants, a duly authorised committee within any limits set by council and in accordance with any policy statement agreed by the council.}
- Such authorisation must be supported by a minute (in the case of council or committee decisions) or other auditable evidence trail.
- 5.15. **No individual member, or informal group of members may issue an official order or any enter into any contract on behalf of the council.**
- 5.16. No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of the council or a duly delegated committee acting within its Terms of Reference, except in an emergency. Throughout the financial year, the DTC & RFO, having fully considered the implications for public services, may move unspent and available amounts to other budget headings, or to an earmarked reserve as appropriate (Accounting term – ‘virement’) All budget virements exceeding £30,000 will be reported to the Finance & Audit Committee.

- 5.17. In cases of serious risk to the delivery of council services or to public safety on council premises, the clerk may authorise expenditure of up to £50,000 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. The Clerk shall report such action to the Mayor and Chair of the Finance & Audit Committee as soon as possible and to the Finance & Audit Committee as soon as practicable thereafter.
- 5.18. No expenditure shall be authorised, no contract entered into, or tender accepted in relation to any major project, unless the council is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first. All capital works shall be administered in accordance with the Council's Financial Regulations relating to contracts and procurement.
- 5.19. Written communication shall be issued for all work, goods and services above £1,000 excluding VAT unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained, along with evidence of receipt of goods.
- 5.20. Any ordering system can be misused and access to them shall be controlled by the DTC & RFO.

6. Banking and payments

- 6.1. The council's banking arrangements, including the bank mandate, shall be made by the DTC & RFO and authorised by the council; banking arrangements shall not be delegated to a committee. The council has resolved to bank with Lloyds for day-to-day banking and the Public Sector Deposit Fund for investments (PSDF via the CCLA). The arrangements shall be reviewed annually for security and efficiency. An auto-transfer has been established between the current and deposit accounts held with Lloyds which restores the balance on the current account to £100 on a daily basis. Transfer of monies to/from the PSDF shall be authorised by the DTC & RFO or TC in the absence of the DTC & RFO.
- 6.2. The council must have safe and efficient arrangements for making payments, to safeguard against the possibility of fraud or error. The DTC & RFO and the Finance Admin Assistant shall have delegated authority to prepare a schedule of payments, together with the relevant invoices in respect of all items of authorised expenditure. All payments shall require dual authorisation undertaken by two designated authorised officers,
- 6.3. All invoices for payment should be examined for arithmetical accuracy, verified and certified by the DTC & RFO. In the absence of the DTC & RFO this will be carried out by the TC or other designated officer. The relevant budget holder will validate the invoice to confirm that the work, goods or services were received. A

second authorised officer will certify each invoice. Invoices shall be posted to appropriate budget heading in the ledger after the stages listed above.

- 6.4. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of employment) may be summarised to avoid disclosing any personal information.
- 6.5. All payments shall be made by online banking, in accordance with paragraph 6.2. In exceptional circumstances where payment is required by cheque, it shall be signed by the DTC & RFO, together with two other authorised signatories of the council. To indicate verification of the cheque details, the signatories shall also initial the cheque counterfoil and invoice.
- 6.6. The DTC & RFO shall have delegated authority to process payments in respect of all authorised items of expenditures as and when, on a timely basis to ensure that all invoices are paid in accordance with terms as far as is practicable. Designated payment limits are shown in Appendix 3 this document.

7. Electronic payments

- 7.1. Where internet banking arrangements are made with any bank, the DTC & RFO shall be appointed as the Service Administrator. The bank mandate agreed by the council shall state the officers and members/councillors authorised to approve transactions on those accounts, and a minimum of two people will be involved in any online approval process. The Clerk may be an authorised signatory, but no signatory should be involved in approving any payment to themselves.
- 7.2. No employee or councillor shall disclose any PIN or password, relevant to the council or its banking, to anyone not authorised in writing by the council or a duly delegated committee.
- 7.3. The Service Administrator shall set up all items due for payment online. A list of payments for approval, together with copies of the relevant invoices, shall be sent by email or handed to two other authorised signatories.
- 7.4. In the absence of the Service Administrator the Finance Admin Assistant, as an authorised signatory shall set up any payments due before the return of the Service Administrator.
- 7.5. Two authorised signatories shall check the payment details against the invoices before approving each payment using the online banking system.
- 7.6. With the approval of the DTC & RFO in each case, regular payments such as gas, electricity, telephone, broadband, water and national non-domestic rates and refuse collection may be made by variable direct debit, provided that the invoices are scrutinised and approved in advance of the payment being made.
- 7.7. A full list of all payments shall be periodically provided to the F&A Committee with a statement of income and expenditure to date for each cost centre of the

approved revenue and capital budgets, together with financial position of the council. The statements shall be prepared at least at the end of every financial quarter.

- 7.8. Account details for suppliers may only be changed upon written notification by the supplier verified by the DTC & RFO or other designated officer. This is a potential area for fraud and the individuals involved should ensure that any change is genuine.
- 7.9. Members and officers shall ensure that any computer used for the council's financial business has adequate security, with anti-virus, anti-spyware and firewall software installed and regularly updated.
- 7.10. Remembered password facilities other than secure password stores requiring separate identity verification should be used in accordance with NATC's Password Policy.

8. Payment cards

- 8.1. Any corporate credit card or trade card account opened by the council will be specifically restricted to use by a designated member of staff and any balance should be paid in full each month. Designated limits are stated in Appendix 3, on page 25.
- 8.2. Personal credit or debit cards of members or staff shall not be used, except for expenses of up to £100 including VAT, and with approval from the DTC & RFO or designated officer.

9. Petty Cash

- 9.1. The RFO shall maintain a petty cash float of £200 and may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept, along with receipts to substantiate every payment.

10. Payment of salaries and allowances

- 10.1. **As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.**
- 10.2. **Councillors' allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment**
- 10.3. Salary rates shall be agreed by the council, or a duly delegated committee. No changes shall be made to any employee's gross pay, emoluments, or terms and conditions of employment without the prior consent of their line manager and the TC / DTC & RFO in the absence of the TC.

- 10.4. Payment of salaries shall be made, after deduction of tax, national insurance, pension contributions and any similar statutory or discretionary deductions, on the dates stipulated in employment contracts.
- 10.5. Deductions from salary shall be paid to the relevant bodies within the required timescales, provided that each payment is reported, as set out in these regulations above.

11. Loans and investments

- 11.1. Any application for Government approval to borrow money and subsequent arrangements for a loan must be authorised by the full council and recorded in the minutes. All borrowing shall be in the name of the council, after obtaining any necessary approval.
- 11.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State such as Hire Purchase, Leasing of tangible assets or loans to be repaid within the financial year must be authorised by the relevant committee (F&A), following a written report on the value for money of the proposed transaction.
- 11.3. The council shall consider the requirement for an Investment Strategy and Policy in accordance with Statutory Guidance on Local Government Investments, which must be written in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually.
- 11.4. All investment of money under the control of the council shall be in the name of the council.
- 11.5. All investment certificates and other documents relating thereto shall be retained in the custody of the DTC & RFO.
- 11.6. Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, shall be made in accordance with these regulations.

12. Income

- 12.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the DTC & RFO.
- 12.2. The F&A Committee will review all fees and charges for work done, services provided, or goods sold at least annually as part of the budget-setting process, following a report of the TC / DTC & RFO and make recommendations to the Full Council. The DTC & RFO shall be responsible for the collection of all amounts due to the council.

- 12.3. Any sums found to be irrecoverable, and any bad debts shall be reported to the council by the DTC & RFO and shall be written off in the year. All sums exceeding £5,000 will be reported to the F&A Committee prior to being written off. The F&A Committee's approval shall be shown in the accounting records.
- 12.4. All sums received on behalf of the council shall be deposited intact with the council's bankers, with such frequency as the DTC & RFO considers necessary. The origin of each receipt shall clearly be recorded on the paying-in slip or other record.
- 12.5. Personal cheques shall not be cashed out of money held on behalf of the council.
- 12.6. The DTC & RFO shall ensure that VAT is correctly recorded in the council's accounting software and that any VAT repayment claim under section 33 of the VAT Act 1994 shall be made at least on a quarterly basis.
- 12.7. Where significant sums of cash are regularly received by the council, the DTC & RFO shall 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 record such as ticket issues, and that appropriate care is taken for the security and safety of individuals banking such cash.
- 12.8. Any income that 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.

13. Payments under contracts for building or other construction works

- 13.1. Where contracts provide for payment by instalments the DTC & RFO shall maintain a record of all such payments, which shall be made within the time specified in the contract based on signed certificates from the architect or other consultant engaged to supervise the works.
- 13.2. Any variation of, addition to or omission from a contract must be authorised by the TC or DTC & RFO to the contractor in writing, with the council being informed where the final cost is likely to exceed the contract sum by 10% or more, or likely to exceed the budget available.

14. Stores and equipment

- 14.1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment within that section.
- 14.2. 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.

- 14.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 14.4. The relevant delegated officer shall be responsible for periodic checks of stocks and stores, at least annually.

15. Assets, properties and estates

- 15.1. The Clerk shall make arrangements for the safe custody of all title deeds and Land Registry Certificates of properties held by the council.
- 15.2. The DTC & RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date, with a record of all properties held by the council, their 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.
- 15.3. 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.
- 15.4. No interest in land 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. In each case a written report 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 where required by law).

16. Insurance

- 16.1. The TC / DTC & RFO shall keep a record of all insurances effected by the council and the property and risks covered, reviewing these annually before the renewal date in conjunction with the council's review of risk management.
- 16.2. The TC shall give prompt notification to the DTC & RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 16.3. The DTC & RFO shall be notified of any loss, liability, damage or event likely to lead to a claim, and shall report these at the next available meeting of the F&A Committee / Council, whichever is the sooner. The DTC & RFO shall negotiate all claims on the council's insurers in consultation with the TC.
- 16.4. 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.

17. Charities

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

18. Suspension and revision of Financial Regulations

18.1. The council shall review these Financial Regulations annually/following any NALC updates and following any change of TC or DTC & RFO. The TC shall monitor changes in legislation or proper practices and advise the council of any need to amend these Financial Regulations.

18.2. The council may temporarily amend these Financial Regulations by a duly notified resolution, to cope with periods of absence, local government reorganisation, national restrictions or other exceptional circumstances.

INTERNAL FINANCIAL CONTROLS

1. General

- 1.1 The Council has in place Standing Orders, Financial Regulations and Policies and Procedures which act as the framework for financial and other internal controls within the Council. All staff are required to act in accordance with these rules and regulations when carrying out their duties.
- 1.2 The Responsible Finance Officer (RFO) has a statutory responsibility under Section 151 of the Local Government Act 1972 to “make arrangements for the proper administration of the Council’s financial affairs.”
- 1.3 The Council has adopted Financial Codes of Practice and Accounting and requires managers to ensure that departmental instructions exist in relation to the Council’s activities.
- 1.4 The Council has developed and is committed to having in place systems and procedures which incorporate efficient and effective internal controls, adequate separation of duties wherever possible, and risk and performance management.

2. Internal Controls

- 2.1. A system of checks and balances shall be in place to ensure no one person has control over all parts of a financial transaction.
 - 2.1.1. All purchases, payroll and disbursements shall be authorised by two designated officers in accordance with Appendix 3.
 - 2.1.2. The receipting of customer payments shall be undertaken by a different officer to the officer that raised the sales invoices, wherever possible.
 - 2.1.3. Managers shall approve and sign overtime payments before the payroll is prepared.
 - 2.1.4. The payroll shall be run by the DTC & RFO approving all net salary payments prior to being administered by the council’s external payroll provider DCK Payroll.
- 2.2. The Council’s bank accounts shall be reconciled every month.
 - 2.2.1. The bank reconciliation shall be completed every month and filed with the bank statements.
 - 2.2.2. The bank reconciliation shall be checked and finalised by the DTC & RFO, and the Chair of the F&A Committee will sign and date the

reconciliations at least on a quarterly basis.

Holding accounts for tickets and other goods sold on behalf of third parties shall be regularly reconciled.

2.3. The Council's corporate credit cards shall be used for business purposes only.

2.3.1. It is strictly prohibited to use corporate credit cards for personal use with subsequent re-imburement.

2.3.2. Corporate credit cards shall be kept securely when not in use.

2.3.3. All purchases by corporate credit cards shall be supported by a VAT invoice and / or a receipt for the purchase, as applicable.

2.3.4. Purchasing limits as defined by the Scheme of Delegation shall apply when any officer uses a corporate credit card.

2.4. The Council's fuel cards shall be used for business purposes only:

2.4.1. It is strictly prohibited to use fuel cards for personal use with subsequent reimbursement.

2.4.2. All fuel purchases shall include the driver's name and vehicle registration number.

2.5. Council provided mobile devices shall be used only in accordance with the requirements as laid down in Council policies regarding the proper use of mobile devices.

2.6. In no circumstance will any cheque payable to cash be permitted, except when replenishing the petty cash balance to £200.00.

3.0 Internal Audit

3.1. The Council shall employ an independent auditor to carry out internal audits of the Council's systems and procedures. Such a review shall seek to ensure that financial controls operate effectively and provide assurance that the Council's services are operating in an effective, efficient and economic manner.

3.2. The Council shall facilitate effective internal audit by enabling full access to its premises and records to enable reasonable tests and checks to be undertaken, and to ensure that the internal auditor is able to request to receive any explanations as are necessary concerning any matter under examination

4.0 Responsible Financial Officer – Duties and Responsibilities

- 4.1. The Responsible Finance Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's financial affairs. Allowing that delegation to other members of staff may be necessary, the primary RFO's duties and responsibilities are to:
 - 4.1.1. Prepare financial reports for the Council and Committees as required. These reports will cover budget monitoring, fund balances, receipts, payroll, payments of accounts and other relevant financial matters.
 - 4.1.2. Prepare draft estimates which, when approved by the Council, will form the annual budget for monitoring and control purposes, as well as report on comparisons between actual and budgeted expenditure to appropriate committees and the Council.
 - 4.1.3. Submit the precept request to the principal authority.
 - 4.1.4. Control the banking of all money received and payments expended by the Council, manage cash flow and control investments and bank transfers.
 - 4.1.5. Ensure that all money due to the Council is invoiced, collected and banked promptly.
 - 4.1.6. Identify the duties of all officers responsible for financial transactions and ensure, as far as possible, the division of responsibilities of those officers to avoid potential conflict.
 - 4.1.7. Control and manage all payments by BACS, direct debit, cheque and cash.
 - 4.1.8. Undertake the overall management of payroll and ensure the timely payment of salaries, income tax and national insurance, other statutory payments, pension contributions and voluntary deductions at the correct times.
 - 4.1.9. Ensure the timely submission of VAT returns.

- 4.1.10. Ensure that all invoices for payment are allocated to the correct expenditure heads.
- 4.1.11. Ensure the timely production of the Annual Return and Accounting Statements for external audit and report to the appropriate committee and Council in accordance with appropriate legislation.
- 4.1.12. Monitor compliance with the Council's Financial Regulations.
- 4.1.13. Maintain the Council's Asset Register as required by paragraph 15.2. of the Regulations.
- 4.1.14. Ensure all appropriate insurances are in place.

Appendix 1 - Tender process

- 1) Any invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases.
- 2) The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the council.
- 3) Where a postal process is used, 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. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of council.
- 4) Where an electronic tendering process is used, the council shall use a specific email address that will be monitored to ensure that nobody accesses any tender before the expiry of the deadline for submission.
- 5) Where the council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, 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.

Appendix 2 – Safeguarding Public Money (Repeal of Section 150(5) of LGA1972)

Following the repeal of Section 150(5) of the Local Government Act 1972, local councils in England may safely take advantage of modern payment methods while protecting the public assets in their care, through application of the Joint Practitioners Advisory Group Paper (JPAG Issues 20120725) entitled Safeguarding Public Money – A framework to safeguard public money for local councils in England.

The paper is detailed in the National Association of Local Councils' The Good Councillor Guide under section 7 – Rules for Dealing with Public Money.

In accordance with the guidance provided in JPAG Issue 20120725, local councils, through the roles and responsibilities of members, must have in place safe and efficient arrangements to safeguard public money (clause 15) and review regularly the effectiveness of their arrangements (clause 14). Councils must arrange for:

- The proper administration of their financial affairs by ensuring that controls over money are embedded in Standing Orders and Financial Regulations, and
- Establish an officer holding responsibility for those affairs, such as the RFO.

Councils may delegate the role of protecting money to individuals, for example to the Clerk or the RFO, however legal responsibility cannot be delegated so it remains with the Council and its Members.

The requirement under the repealed Section 150(5) of the LGA, as stated under clause 10 of the guidance, that 'every cheque or other order for payment of money shall be signed by two members of the Council remains good practice although it is no longer law and is not practical in a Council of this size. Therefore, Councils must put in place safe and efficient arrangements in accordance with clause 15 of the JPAG guidance. Such arrangements must include:

- Council approving every bank mandate;
- holding a list of authorised signatures for each account;
- determining the limits of authority for each account signature; and
- determining the limits of authority for any amendments to mandates.

Appendix 3 - Designated Limits for Authorised Officers

Type of Payment	Designated Limit	Authorised Persons (at least two)
BACs Payments, Cheques, Direct Debits and other bank deductions	Up to £350,000	DTC & RFO and designated Staff
	Over £350,000	TC and DTC & RFO
Transfer between accounts held by the Council	Unlimited	DTC & RFO and designated staff. NB – Only DTC & RFO to transfer funds to/from CCLA PSDF
Credit Card maximum purchase card limits	Up to £5,000	Town Clerk
	Up to £5,000	DTC & RFO
	Up to £1,500	Museum Curator