



## AMBLE TOWN COUNCIL FINANCIAL REGULATIONS

### 1. General

- 1.1. These Financial Regulations govern the financial management of the council and may only be amended or varied by resolution of the council. They are one of the council's governing documents and shall be observed in conjunction with the council'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' means 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 Joint Panel on Accountability and Governance (JPAG) 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 Clerk has been appointed as RFO and these regulations apply accordingly. 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.
- 1.6. **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 £5,000;

## **2. Annual Estates (Budgets)**

- 2.1 A working party of Members shall formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of November each year.
- 2.2 Detailed estimates of all receipts and payments including the use of reserves for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Council.
- 2.3 The Council shall review the estimates not later than early January each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue each member with a copy of the approved estimates and issue the precept request to Northumberland County Council (NCC), the billing authority.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall consider the need for and shall have regard to a three-year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual Budget.

## **3. Budgetary Control**

- 3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. The RFO may, with the approval of Council, vire between budget headings or to earmarked reserves as appropriate.

- 3.3 The RFO shall on a minimum of a two-monthly basis provide the Council with a bank reconciliation and a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.
- 3.4 The Administration Staff may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work which is of such extreme urgency that it must be done at once, whether there is any budgetary provision for the expenditure, subject to a limit of £1,000. The Administration Staff shall report the action to the Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall be placed in an earmarked reserve by resolution of the Council.
- 3.6 No expenditure shall be incurred 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, or the requisite borrowing approval has been obtained.
- 3.7 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 3.8 Clerk and administrative staff are permitted an expenditure of up to £750 for adhoc office items crucial to the efficient running of the office and working environment for staff and also for small asset maintenance issues relating to the Town Council assets.
- Either Chair of Council or Amenities to be informed and expenditure to be reported at the next full Council meeting.

#### **4. Risk management and internal control**

- 4.1. **The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.**
- 4.2. The Clerk / RFO shall prepare, for approval by the council, 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.
- 4.3. When considering any new activity, the Clerk / RFO shall prepare a draft risk assessment including risk management proposals for consideration by the council.
- 4.4. **At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.**
- 4.5. **The accounting control systems determined by the 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.**

#### **5. Accounts and audit**

- 5.1. All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.
- 5.2. **The accounting records determined by the 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;**
- 5.3. The accounting records shall be designed to facilitate the efficient preparation of the accounting statements in the Annual Governance and Accountability Return.
- 5.4. The RFO shall complete and certify the annual Accounting Statements of the council contained in the Annual Governance and Accountability Return in accordance with proper practices, as soon as practicable after the end of the financial year. Having certified the Accounting Statements, the RFO shall submit them (with any related documents) to the council, within the timescales required by the Accounts and Audit Regulations.
- 5.5. **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.**
- 5.6. **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 RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary.
- 5.7. 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.
- 5.8. 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
- 5.9. 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.

5.10. 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.

5.11. 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 documents required by the Local Audit and Accountability Act 2014, or any superseding legislation, and the Accounts and Audit Regulations.

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

## **6. Banking Arrangements**

**6.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.**

**6.2 A schedule of the payments made shall be presented to the Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman of the meeting.**

**6.3 The Clerk/Administrative Officer will enter supplier and invoice details onto the Barclays on-line banking system. All those members who are designated bank signatories will then be notified that the payments are ready to authorise via the e-banking complex mandate system; in line with banking procedures any one of the signatories can then do so.**

**6.4 A Government Procurement Card will be available for the use of the Clerk and in the Clerk's absence, the Administrative Officer. The card will have a credit limit of no more than £1,000. The card will be used for online and telephone purchases as required by the Council and in the event of an emergency. The statement of the Government Procurement card shall be reported to the monthly meetings. Payment will be made by direct debit in order to avoid interest charges.**

## **7 Budget and precept**

**7.1 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.**

**7.2** The RFO shall prepare a draft budget with detailed estimates of all receipts and payments for the following financial year taking account of the lifespan of assets and cost implications of repair or replacement.

**7.3** Unspent provisions in the revenue budget shall be placed in an earmarked reserve by resolution of the Council.

- 7.4 The draft budget including any recommendations for the use or accumulation of reserves, shall be considered by the council.
- 7.5 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 early January for the ensuing financial year.
- 7.6 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.**
- 7.7 The 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.
- 7.8 The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.
- 7.9 Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the council.

## **8 Procurement**

- 8.1 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.
- 8.2 The 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.
- 8.3 Every contract shall comply with the council's Standing Orders and these Financial Regulations and no exceptions shall be made, except in an emergency.
- 8.4 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.**
- 8.5 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:
- 8.6 For contracts estimated to exceed [£60,000] including VAT, the Clerk shall seek formal tenders from at least three suppliers agreed by the council OR advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation. Tenders shall be invited in accordance with Appendix 1.
- 8.7 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.**
- 8.8 For smaller purchases, the clerk shall seek to achieve value for money.
- 8.9 Contracts must not be split to avoid compliance with these rules.**

**8.10** 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.

**8.11** The council shall not be obliged to accept the lowest or any tender, quote or estimate.

**8.12** Individual purchases within an agreed budget for that type of expenditure may be authorised by the Clerk, under delegated authority, for any items below £1000 excluding VAT.

Such authorisation must be supported by a minute (in the case of council or committee decisions) or other auditable evidence trail.

**8.13** No individual member, or informal group of members may issue an official order unless instructed to do so in advance by a resolution of the council or make any contract on behalf of the council.

**8.14** 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.

**8.15** 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 £1,000 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 Chair as soon as possible and to the council as soon as practicable thereafter.

**8.16** 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.

## **9 Banking and payments**

**9.1** The council's banking arrangements, including the bank mandate, shall be made by the RFO and authorised by the council; banking arrangements shall not be delegated to a committee. The council has resolved to bank with Barclays and the Public Sector Deposit Fund (CCLA). The arrangements shall be reviewed annually for security and efficiency.

**9.2** The council must have safe and efficient arrangements for making payments, to safeguard against the possibility of fraud or error. Wherever possible, more than one person should be involved in any payment, for example by online authorisation or dual cheque signing. Even where a purchase has been authorised, the payment must also be

authorised and only authorised payments shall be approved or signed to allow the funds to leave the council's bank.

**9.3** All invoices for payment should be examined for arithmetical accuracy, analysed to the appropriate expenditure heading and verified to confirm that the work, goods or services were received, checked and represent expenditure previously authorised by the council before being certified by the RFO.

**9.4** 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.

**9.5** All payments shall be made by online banking/cheque, in accordance with a resolution of the council, unless the council resolves to use a different payment method.

## **10 Electronic payments**

**10.1** Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify a number of councillors who will be 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.

**10.2** All authorised signatories shall have access to view the council's bank accounts online.

**10.3** 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.

**10.4** 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 to authorised signatories.

**10.5** Authorised signatories shall check the payment details against the invoices before approving each payment using the online banking system.

**10.6** Account details for suppliers may only be changed upon written notification by the supplier. This is a potential area for fraud and the individuals involved should ensure that any change is genuine.

**10.7** 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.

**10.8** Remembered password facilities other than secure password stores requiring separate identity verification should not be used on any computer used for council banking.

## **11 Cheque payments**

**11.1** Cheques or orders for payment in accordance with a resolution or delegated decision shall be signed by two members and countersigned by the Clerk.

**11.2** A signatory having a family or business relationship with the beneficiary of a payment shall not, under normal circumstances, be a signatory to that payment.

**11.3** To indicate agreement of the details on the cheque with the counterfoil and the invoice or similar documentation, the signatories shall also initial the cheque counterfoil and invoice.

## **12 Payment cards**

**12.1** Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk / RFO and any balance shall be paid in full each month.

## **13 Petty Cash**

**13.1** The council will not maintain any form of petty cash float. All cash received must be banked intact. Any payments made in cash must be banked by the Clerk / RFO.

## **14 Payment of salaries and allowances**

**14.1** As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.

**14.2** Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.

The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council.

NCC has been appointed by Council to provide its payroll service.

On a monthly basis, NCC will provide the RFO with a schedule showing that months payroll costs, including National Insurance and Pension figures. This schedule will be paid via the e-banking system. The pension figure will be paid to NEST listing the individual accounts.

In instances where additional hours, acting up hours or overtime hours are worked, the Clerk has authority to approve office staff claims. In instances where the Clerk is due additional hours, this will be signed off by the Chair or the Vice Chair in their absence.

## **15 Loans and investments**

**15.1** 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.

**15.2** 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 full council, following a written report on the value for money of the proposed transaction.

**15.3** 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.

**15.4** All investment of money under the control of the council shall be in the name of the council.

**15.5** All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

**15.6** 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.

## **16 Income**

**16.1** The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.

**16.2** 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.

**16.3** The Council will review all fees and charges annually, following a report of the Clerk/RFO.

**16.4** Any sums found to be irrecoverable and any bad debts shall be reported to the Council and may be written off in the year.

**16.5** All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.

**16.6** The origin of each receipt shall be entered on the paying-in slip.

**16.7** Personal cheques shall not be cashed out of money held on behalf of the Council.

**16.8** The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.

**16.9** Where any significant sums of cash are received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

## **17 Payments under contracts for building or other construction works**

**17.1** Where contracts provide for payment by instalments the 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.

**17.2** Any variation of, addition to or omission from a contract must be authorised by [the Clerk] to the contractor in writing, with the council being informed where the final cost is

likely to exceed the contract sum by 5% or more, or likely to exceed the budget available.

## **18 Stores and equipment**

**18.1** The Clerk shall be responsible for the care and custody of stores and equipment

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

**18.3** The RFO shall be responsible for periodic checks of stocks and stores, at least annually.

## **19 Assets, properties and estates**

**19.1** The Clerk shall make arrangements for the safe custody of all title deeds and Land Registry Certificates of properties held by the council.

**19.2** The 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.

**19.3** 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.

**19.4** 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).

**19.5** 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, except where the estimated value of any one item does not exceed £500. In each case a written report shall be provided to council with a full business case.

## **20 Insurance**

**20.1** The Clerk / RFO shall give prompt notification to of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

**20.2** The RFO shall be notified of any loss, liability, damage or event likely to lead to a claim, and shall report these to the council at the next available meeting. The RFO shall negotiate all claims on the council's insurers in consultation with the Clerk.

**20.3** 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.

## **21 Charities**

**21.1** Where the council is sole managing trustee of a charitable body the Clerk and 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.]

## **22 Suspension and revision of Financial Regulations**

**22.1** The council shall review these Financial Regulations annually and following any change of clerk or RFO. The Clerk shall monitor changes in legislation or proper practices and advise the council of any need to amend these Financial Regulations.

**22.2** The council may, by resolution 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 presented to all members. Suspension does not disapply any legislation or permit the council to act unlawfully.

**22.3** 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.

## **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) Any invitation to tender issued under this regulation shall be subject to Standing Order [insert reference of the council's relevant standing order] and shall refer to the terms of the Bribery Act 2010.
- 6) 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.