



Todmorden Town Council Financial Regulations

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FINANCIAL REGULATIONS

1. GENERAL

1.1 These Financial Regulations govern the conduct of the financial management by Todmorden Town Council and may only be amended or varied by resolution of the Council. Financial Regulations are one of the Council's 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 risk management. As part of this process a Corporate Risk Register will be reviewed by the Town Clerk annually in March and presented to Full Council for approval.

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 on internal control which shall be in accordance with proper practices. The Council will use the services of an independently appointed internal auditor to undertake such checks.

1.6 Members of the 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.

1.7 The Responsible Financial Officer (Town Clerk/Responsible Financial Officer) holds a statutory office to be appointed by the Council.

1.8 A breach of these Regulations by an employee is gross misconduct.

1.9 To protect the Council financially against such misconduct a fidelity insurance in an amount of **£2,000,000** will be taken out as part of the Council's overall insurance cover.

1.10 The Responsible Financial Officer:

- 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 system.
- ensures the accounting control systems are observed.

- maintains the accounting records of the Council are up to date in accordance with proper practices.
- assists the Council to secure economy, efficiency and effectiveness in the use of its resources;
- produces financial management information as required by the Council.

1.12 The accounting records determined by the Town Clerk/Responsible Financial Officer shall be sufficient to show and explain the Council's transactions and to enable the Town Clerk/Responsible Financial Officer to ensure that any income and expenditure account and statements of balances, or records 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.

1.13 The accounting records determined by the Town Clerk/Responsible Financial Officer 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 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.

1.14 The accounting control systems determined by the Town Clerk/Responsible Financial Officer 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 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 that have been written off without Council approval are shown in the accounting records; and
- measures to ensure that financial risk is properly managed.

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

- setting final budget or precept (Council tax requirement);
- approving accounting statements;
- approving annual governance statement;
- borrowing;
- writing off bad debts over £100;
- declaring eligibility for the General Power of Competence; and
- addressing recommendations in any report from the internal or external auditors.

These shall be a matter for Full Council only.

1.16 In addition the Council must **in respect of its normal day to day business (excluding External Grant funded Schemes – see 1.21 below)**

- determine and keep under regular review the bank mandate of all Council bank accounts;
- approve any single commitment in excess of £10,000; save for any Grant application above £3,000 which must be referred to Council for approval.
- in respect of annual salary for any employee, have regard to recommendations about annual salaries of employees made by the Staffing Committee in accordance with the terms of reference.

1.17 In these Financial Regulations, references to the Accounts and Audit Regulations or ‘the regulation’ shall mean the regulations issued under provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in source unless otherwise specified.

In these 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 website of NALC and the Society for Local Council Clerks (SLCC) .

1.18 Under delegated powers the Resources Committee may at its own discretion, approve any Grant Applications up to £3000, subject to overall commitment being within the annual budget set by Council or subsequently amended by Council.

1.19 Under delegated powers, the Town Clerk may make for any pre-approved commitment payment of up to £5,000 and between £5001 to £10,000 with the agreement of the Chair of Resources.

1.20 For the avoidance of doubt any commitment or payment above £10,000 requires the prior approval of Council.

1.21 Where the Council receives external Grant Funds and seeks to defray such expenditure in respect of the purposes for which the grant was given, commitments and or payments up to £10,000 may be made by the Town Clerk/Responsible Financial Officer or between £10,001 to £100,000 may be made by the Town Clerk/Responsible Financial Officer in consultation with the Chair of Resources Committee subject at all times to such proposed payment being validated by the Accountable Body for such Grant Funding in accordance with their procedures.

1.22 For the avoidance of doubt any commitment or payment in respect of 1.21 above £100,000 requires the prior approval of Council

2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

2.1 All accounting procedures and financial records of the Council shall be determined by the in accordance with the current Accounts and Audit Regulations, appropriate Guidance and proper practices.

2.2 The function of Accounting may be assigned to an external firm of accountants who under the supervision of the Town Clerk and/or Responsible Financial Officer will deal with all related accounting matters and subject to approval by Delegated Officers, make payments from the Councils bank account(s) and subject to an end of monthly bank reconciliation which must be checked by the Town Clerk/Responsible Financial Officer and current bank account balances reported each month to Full Council alongside the overall budget position.

2.3 On a regular basis, at least once in each quarter, and at each financial year end, the Chair of Resources Committee or such Councillor as agreed by such Committee shall be appointed to verify bank reconciliations for all accounts produced by the Town Clerk/Responsible Financial Officer. The member

shall sign the reconciliations and a copy of the bank statements downloaded from the internet as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Resources Committee.

2.4 The Town Clerk/Responsible Financial Officer shall oversee the completion of 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 to 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 Town Clerk/Responsible Financial Officer, 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 Full Council and shall carry out the work in relation to internal controls required by the Council in accordance with proper practices. Given the increasing level of turnover, apart from the Annual audit, an intermediate audit shall be carried out in the third quarter of the financial year.

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 Town Clerk/Responsible Financial Officer 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 Town Clerk/Responsible Financial Officer shall, without undue delay, bring to the attention of all Councillors, any correspondence or report from internal or external auditors.

3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

3.1 The Resources Committee shall review its annual forecast of revenue and capital receipts and payments. Having due regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the Council not later than mid-November, each year including any proposals for revising the forecast. A three-year forecast shall be submitted for consideration.

3.2 The Town Clerk/Responsible Financial Officer must each year, by no later than the end of 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 Full Council in December and if in disagreement, at the latest by the January meeting of the Full Council.

3.3 The Council shall consider annual budget proposals in relation to the Council's following year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and where a three-year forecast is in evidence 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 by the end of January each year. The Town Clerk/Responsible Financial Officer 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.

3.6 Where External Grant Funds are received and expenditure defrayed against such receipts in accordance with Grant Scheme requirements separate accounting records shall be maintained and such grant monies when received initially placed into an Earmarked Reserve pending drawdown into revenue budgets. All unspent funds shall be moved back into Earmarked Reserve at the year end.

3.6 For the avoidance of doubt no Grant Income or related expenditure will be taken into account when fixing the Precept.

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

4.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget. Virements up to £10,000 within individual budget headings and between one cost centre and another shall be delegated to Town Clerk/Responsible Financial Officer save for Virements above £10,000 or Employee Costs where such Virement(s) shall be determined by the Town Clerk/Responsible Financial Officer, in agreement with the Chair of Resources Committee. Confirmation may be obtained by email. All Virements will be reported to Full Council as part of the monthly Management Accounts. NB: Budget headings are laid out in the annual budget as published.

4.2 No expenditure may be incurred which will exceed the amount provided in the revenue budget without reference to Full Council other than that incurred under items 4.3 & 4.4 below save for those increases which may be delegated to the Town Clerk/Responsible Financial Officer in consultation with the Chair of Resources to enable external grant funds to be defrayed within the limit set out in 1.22

4.3 The Town Clerk 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 or not there is a budgetary provision for the expenditure, subject to a limit of £10,000. The Town Clerk/Responsible Financial Officer, in consultation with the Town Mayor, or Chair of the Resources Committee, may incur expenditure up to £25,000 with such decisions to be reported to the Town Council at the earliest opportunity.

4.4 Where expenditure is incurred above (item 4.3) and the sum required cannot be met from savings made elsewhere within that Committee's approved budget, it shall be met from the Council's General Revenue Reserve, the level of which is determined by the Town Council "Reserves and Treasury Management Policy".

4.5 The salary budgets are to be reviewed annually in November for the following financial year.

4.6 The Town Clerk/Responsible Financial Officer will inform Committees of any changes impacting on their budget requirement for the coming year in good time, ideally by mid-November.

4.7 The Town Clerk/Responsible Financial Officer shall provide the Resources Committee and the Council **with a statement** of Income and Expenditure under each heading of the budgets, comparing actual expenditure against 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 **£5,000.**

4.8 Unspent provisions in the Revenue budget shall not be carried forward to a subsequent year unless approved by the Council **or moved to a Year End Commitments Earmarked Reserve approved by Resources Committee.**

4.9 Changes in Earmarked Reserves shall be approved by Council as part of the budgetary control process.

4.10 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.

4.11 All works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts **save for contracts awarded in respect of Town Deal Board Funding where the procurement process of Calderdale MBC as the Accountable Body for such funding may be followed including access to contractors approved under their Framework Agreement and with the tender limits appertaining to such agreement.**

5. BANKING ARRANGEMENT AND AUTHORISATION OF PAYMENTS

5.1 The Council's banking arrangements, including the bank mandate shall be made under the direction of the Town Clerk/Responsible Financial Officer. It shall be approved by the Council, banking arrangements may not be delegated to a Committee. They shall be regularly reviewed for safety and efficiency.

5.2 Where internet banking arrangements are made with any bank, the Town Clerk/Responsible Financial Officer shall be appointed as the Service Administrator. The Bank Mandate, approved by the Council, shall identify a number of Councillors who will be authorised to approve transactions on those accounts.

5.3 A scheme of delegation shall be approved as part of these financial regulations relating to general revenue spend Appendix A, **and externally funded grant schemes** authorising Officers to be able to raise purchase orders, approve and or make payments on behalf of the Council.

5.4 An Officer approving the payment to be made, including the raising of a purchase order, should not wherever possible also make the payment from the bank account, unless there is no other mandated authority on the Bank Account to make such payments. Wherever possible a second check should be made by another officer to ensure that the payment due to be made matches any invoice submitted and to be made to the correct beneficiary.

- 5.5 The Town Clerk/Responsible Financial Officer will do a weekly Visual inspection of the bank accounts and monthly sign the bank statements to indicate they have been inspected for any unusual activity. This will help alert the Council quickly if there is anything unexpected that happens in the bank account including card cloning/identity theft etc.
- 5.6 All invoices for payment shall be examined, verified and certified by the relevant Officer who placed the order to confirm that the work, goods or services to which each invoice relates have been received, carried out, examined and is representative of the expenditure as contained within the order or as **certified by Calderdale MBC as Accountable Body in relation to Town Deals funding.**
- 5.7 Under the direction of the Town Clerk/Responsible Financial Officer all invoices shall be examined for arithmetical accuracy and allocated to the appropriate expenditure heading.
- 5.8 Any changes in the recorded details of suppliers, such as bank account records, shall be approved by the Town Clerk/Responsible Financial Officer.
- 5.9 Where it is agreed that there is no dispute or other reason to delay payment, the Town Clerk/Responsible Financial Officer/Designated Officer shall take all possible steps to arrange for the settlement of all invoices submitted, which are in order, within 14 days of their receipt or as agreed with the supplier in accordance with the Late Payment of Commercial Debts (Interest) Act 1998 provided that a list of such payments shall be submitted to the next appropriate meeting of the Council.
- 5.10 Fund transfers within the Council's banking arrangements up to the sum of £15,000 per transaction may be authorised by the Town Clerk/Responsible Financial Officer. Above this amount may be authorised by the Town Clerk/Responsible Financial Officer in consultation with the Chair of Resources and formal authority signed/approved by way of email.
- 5.11 All regular payments by way of either Standing Order or Direct Debit relating to annual contracts may be authorised by the Town Clerk, subject to such amount having been included within the original financial budget set for the year, or as agreed with the Resources Committee and subsequently approved at Full Council.
- 5.12 Cheques/payments drawn on the bank (current) account shall be signed by wither one member of the Council and countersigned by the Town Clerk or two Councillors mandated on the Bank Account.
- 5.13 The Council will aim to rotate the duties of Councillors in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 5.14 Under the direction of the Town Clerk/Responsible Financial Officer, a detailed list of all payments made shall be disclosed to Full Council at each meeting. 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.
- 5.15 Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code of Conduct 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.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS OF ACCOUNTS

- 6.1 The Council will make safe and efficient arrangements for the making of its payments.
- 6.2 Following authorisation under Financial Regulation 5 above, the Council, a duly delegated Committee or, if so delegated, the Town Clerk shall give instruction that a payment shall be made.

6.3 All Payments shall be made via electronic payments, cheque or other instructions to the Council's bank. Petty cash payment may be made up to £250 subject to receipts being evidenced and or in the case of a "Flooding Emergency" Petty cash account maintained at a level of £250 at all times for immediate use by Councillors in making miscellaneous payments on an emergency needs basis.

6.4 (a) Cheques or orders for payment drawn on the bank current account shall be authorised and signed by one member of Council and countersigned by another signatory to the bank account. The payments shall be reported via the payments list referred to in item 5.13.

(b) If a Member who is also a bank signatory, has declared a disclosable pecuniary interest or has any other interest, in the matter for which the payment is being made, that Councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and/or permissible to be a signatory to the transaction in question. 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 Payments may be made by Direct Debit, Standing Orders are signed by two authorised signatories to the bank account. Direct Debit and Standing Orders can only be set up by paper mandate. Payments made by electronic transfer that are not direct debits or standing orders may be made within the approved schemes of delegation.

6.6 Arrangements must be put in place to ensure that the PIN numbers will not be disclosed but a secure system is put in place. With each individual holding their own pin number and not disclosing to anyone to prevent unauthorised access and reduce risk.

6.7 No employee or Councillor shall disclose any PIN or password, relevant to the working of the Council or its bank accounts, to any person.

6.8 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.

6.9 The Council, and any Members using computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall, and software with automatic updates, together with a high level of security, is used.

6.10 Access to any internet banking accounts will be directly to the webpage page, 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 gross misconduct under these regulations.

6.11 Any Debit Card issued for use will be specifically restricted to the named Officer and will also be restricted to a single transaction maximum value of the Officers spend authority unless authorised by Council or the Resources Committee in writing before any order is placed.

6.12 Any corporate trade card account opened by the Council will be monitored by the Town Clerk/Responsible Financial Officer and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of Members or Officers shall, wherever possible not be used.

6.13 The Town Clerk/Responsible Financial Officer, may arrange for the maintenance of a petty cash to staff for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept with vat receipts attached to substantiate the payment. Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.

6.14 The Town Clerk/Responsible Financial Officer is authorised to establish petty cash floats which will form part of the month end banking and cash reconciliation.

6.15 All Officers requiring reimbursement of expenses must have these approved by the line manager and provide evidence of such incurred expenditure and in the case of the Town Clerk, expenses are required to be approved by the Town Clerk/Responsible Financial Officer and or Chair of Resources Committee

6.16 All payments made are to be published on the Town Council website.

7. PAYMENT OF SALARIES AND WAGES

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.

7.2 Payment of salaries and deductions from salaries may 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 provided that each payment is reported to and noted by the next available Council meeting, as set out in these regulations above. All overtime/Toil records shall be certified to their accuracy and authorised for payment by the line manager, or in the case of the Town Clerk/Responsible Financial Officer, by the Chair of Staffing Committee. Every payment to employees of a salary nature shall be recorded separately in a confidential area.

7.3 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.

7.4 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 been made.

7.5 The instruction to the bank in respect of the making of salary payments is to be prepared by the outsourced Accountant and authorised by the Town Clerk/Responsible Financial Officer.

7.6 Any termination payments shall be supported by a clear business case and reported to the Council. Termination payments shall only be authorised by Full Council.

7.7 Before employing interim staff the Council must consider the budgetary implications.

8. LOANS AND INVESTMENTS

8.1 All borrowings shall be affected in the name of the Council, after obtaining any necessary borrowing approval. Any application for Borrowing Approval shall be approved by Council as to terms and

purpose. The application for Borrowing Approval, and subsequent arrangements for the Loan shall only be approved by Full Council.

8.2 Any financial arrangement which does not require formal Borrowing Approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the Full Council. In each case a report in writing shall be provided to Council in respect of value for money for the proposed transaction.

8.3 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Councils Reserves and Treasury Management Policy.

8.4 The Council has considered the need for a Treasury Management Policy which shall be in accordance with relevant regulations, proper practices and guidance. The Treasury Management Policy shall be reviewed by the Council at least annually.

8.5 All investments of money under the control of the Council shall be in the name of the Council.

8.6 All investment certificates and other documents relating thereto shall be retained in the custody of the Council.

9. INCOME

9.1 The collection of all sums due to the Council shall be the responsibility of the Town Clerk/Responsible Financial Officer.

9.2 Particulars of all charges to be made for work done, services rendered, or goods supplied shall be notified to the Town Clerk/Responsible Financial Officer. The Town Clerk/Responsible Financial Officer shall be ultimately responsible for the collection of all accounts due to the Council.

9.3 The Council will annually review all fees and charges, following a report from the Town Clerk/Responsible Financial Officer.

9.4 The Resources Committee may write off bad debts up to a total of £100 in any one instance. Any individual bad debts of £100 or more shall be reported to the Full Council for recommendation and action.

9.5 All sums received on behalf of the Council shall either be paid to the Town Clerk/Responsible Financial Officer for banking or be banked by the Officer collecting the money as directed by the Town Clerk/Responsible Financial Officer. In all cases all receipts shall be deposited with the Council's bankers with such frequency as the Town Clerk/Responsible Financial Officer considers necessary.

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

9.7 Arrangements shall be made by the Town Clerk/Responsible Financial Officer for the VAT Return that is required to be promptly completed. Any repayment claims due in accordance with VAT Act 1994 section 33 shall be made quarterly and coincide with the financial year end.

9.8 Where any significant sums of cash are regularly received by the Council, the Town Clerk/Responsible Financial Officer 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.

10. ORDERS FOR WORK, GOODS AND SERVICES

10.1 An official order or letter shall be issued by an authorised Officer only, for all work, goods and services unless a formal contract is to be prepared by the Town Clerk/Responsible Financial Officer, or an official order would be inappropriate e.g. petty cash purchases. Copies of orders issued shall be retained.

10.2 Orders shall be controlled by the Town Clerk/Responsible Financial Officer.

10.3 All Members and Officers are responsible for having regard to following good practice where possible and obtaining value for money at all times. An Officer issuing an official order is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining multiple quotations from appropriate suppliers, subject to any de minimis provisions in Regulation 11 (1) below.

10.4 A member may not, under any circumstances, issue an official order or make any contract on behalf of the Council.

10.5 The Town Clerk/Responsible Financial Officer shall verify the lawful nature of any proposed purchase before the issue of any order.

11. CONTRACTS

11.1 Procedures as to the contracts are laid down as follows:

(a) Every contract shall comply with these Financial Regulations, and no exception from any of the following provisions of these regulations shall be made otherwise in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (vii) below:

(i) for the supply of gas, electricity, sewerage and telephone services.

(ii) for specialist services such as provided by solicitors, accountants, surveyors, architects and planning consultants etc., and specialist equipment.

(iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;

(iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council.

(v) for additional audit work of the external Auditor up to an estimated value of £1500 (in excess of this sum the Town Clerk/Responsible Financial Officer shall act after consultation with the Chairman of the Resources Committee.

(vi) for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

(vii) (a) where the value of the order is up to £10,000, **and does not relate to defrayment of expenditure under an externally grant funded scheme** and there is no effective competition for the subject matter of the contract, because payment is fixed under statutory authority or because the subject matter is patented or proprietary article, or is only available from one source, the reasons should be reported by the Town Clerk to the Chair of Resources Committee and agreement reached ahead of formally reporting to Resources Committee. All orders above £10,000, even if requiring the use of a specialist, must be reported to Full Council for approval before being entered into **save for those approved save for contracts awarded in respect of Town Deal Board Funding where the procurement process of Calderdale MBC as the Accountable Body for such funding may be followed including access to contractors approved under their Framework Agreement and with the tender limits appertaining to such agreement.**

- (b) Contracts may not be disaggregated to avoid controls imposed by these regulations.
- (c) Where it is intended to enter into a contract for the supply of goods, supply of services or the execution of works with an estimated value between £10,000 and £60,000, **save for contracts awarded in respect of Town Deal Board Funding where the procurement process of Calderdale MBC as the Accountable Body for such funding may be followed including access to contractors approved under their Framework Agreement and with the tender limits appertaining to such agreement**, quotations from at least three suppliers of identical or similar goods shall be obtained and the contract placed with the supplier offering the Council the best value in terms of price, quality, delivery, after sales, service, etc.; where the value is below £10,000 and above £5000, staff shall strive to obtain 3 estimates and between £1000 and £4999 two estimates. Below £1000 and whilst more than one estimate is preferred, single quotations will be acceptable providing the Town Clerk and/or Town Clerk/Responsible Financial Officer deem this to be good value or of an urgent or specialist nature to be carried out. Otherwise, Regulation 10 (3) above shall apply.
- (d) Where the supply of such goods, supply of services or the execution of works is to be on a continuing or regular basis, price quotations need not be obtained on every occasion but should be renewed and reviewed at least every 5 years or such longer periods as may be specified by the Council after taking into account the improved terms which may be obtained by entering into a longer contract or agreement.
- (e) Where the supply of goods, supply of services or the execution of works will have an estimated value exceeding £60,000, **save for contracts awarded in respect of Town Deal Board Funding where the procurement process of Calderdale MBC as the Accountable Body for such funding may be followed including access to contractors approved under their Framework Agreement and with the tender limits appertaining to such agreement**, tenders shall be sought in accordance with sub-clause (i) below except where the goods, services or works to be supplied are unique to the supplier in which quotations will be obtained and product information from at least three suppliers of similar goods sufficient to enable informed judgement as to the best value offered in terms of price, quality, delivery, after sales service and suitability for the intended purposes.
- (f) A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of £213,477 for a public service or supply contract or in excess of £5,336,937 for a public works contract; or £663,540 for a social and other specific services contract (or other thresholds determined by the European Commission every two years and published in the Official Journal of the European Union (OJEU)) shall comply with the relevant procurement procedures and other requirements in the Public Contracts Regulations 2015 which include advertising the contract opportunity on the Contracts Finder website and in OJEU.**
- (g) A public contract in connection with the supply of gas, heat, electricity, drinking water, transport services, or postal services to the public; or the provision of a port or airport; or the exploration for or extraction of gas, oil or solid fuel with an estimated value in excess of £426,955 for a supply, services or design contract; or in excess of £5,336,937 for a works contract; or £663,540 for a social and other specific services contract (or other thresholds determined by the European Commission every two years and published in OJEU) shall comply with the relevant procurement procedures and other requirements in the Utilities Contracts Regulations 2016**
- (h) When applications are made to waive Standing Orders/Financial Regulations relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- (i) The Council may, by consideration of tenders or by other means of selection appoint a broker agent to obtain goods and services at the most favorable terms on its behalf.

- (j) Where tenders are to be obtained in accordance with sub-clauses (e) above the following procedures shall apply.
- (i) Invitation to tender shall be addressed to a minimum of four suppliers or contractors.
- (ii) Each invitation to tender shall contain a detailed specification of the goods or services to be supplied or the works to be executed (the necessary technical assistance to prepare a specification in appropriate cases shall be obtained). The invitation to tender shall in addition state that tenders must be returned to the Town Clerk with the details of the return address and the last date and time by which such tenders should reach the Town Clerk in the ordinary course of post.
- (iii) Standing Order 18e shall apply to all tenders; a note to this effect shall be included in each invitation to tender and shall refer to the terms of the Bribery Act 2010.
- (iv) Each invitation to tender shall contain a request that the Town Clerk/Responsible Financial Officer, or appointed agent be advised immediately if the invitee is unable or unwilling to tender. If such advice is received from more than one of those invited to tender, then further invitation(s) to additional supplier(s) or contractor(s) shall be sent with the aim of obtaining a minimum of two tenders.
- (v) Each tendering firm shall be supplied with a specially marked envelope bearing the words `TENDER – DO NOT OPEN UNTIL (prescribed date for opening)`, but no other means of identifying the tender, in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract. All tenders when received shall be endorsed with date and time of receipt. No fax or e-mails will be accepted.
- (vi) Returned tenders shall be opened together after the return date by the Town Clerk/Responsible Financial Officer in the presence of the Chair or Vice- Chair of Council or a member of the Resources Committee which will consider the tenders. Opening of tenders shall normally be in advance of the meeting at which they will be considered in order that clarification of any points of detail, which may be necessary, may be obtained from tenderers.
- (vii) Details of tenders and tender amounts shall be recorded in the minutes or report of the meeting at which they were considered. The tenderers shall be listed alphabetically and tender amounts in ascending value so that with the exception of the successful tenderer the amounts tendered by each tenderer cannot be identified by the public.
- (viii) Errors or Discrepancies in Tenders – Where examination of tenders reveals errors or discrepancies which would affect the tender figure in an otherwise successful tender, the tenderer is to be given details of such errors and discrepancies and afforded an opportunity of confirming or withdrawing his/her offer. If the tenderer withdraws, the next tenderer in competitive order is to be examined and dealt with in the same way. Any exception to this procedure may be authorised only by the Sub-Committee or Committee concerned after consideration of a report.
- (k) If no tenders are received by the return date or if tenders received identical, Council may make such arrangements for placing the contract as it thinks fit.
- (l) Late Tendering – Any tenders received after the specified date shall be returned promptly to the tenderer with a suitable covering letter. The tender may be opened to ascertain the name and address of the tenderer, but no details of the tender shall be disclosed.
- (m) Performance Bonds and financial checks – Where a contract is estimated to exceed £100,000 in value or amount and is for the execution of works (or the supply of goods or materials by a particular date or series of dates) the Council shall consider whether they require security for its due performance and shall either certify that no such security is necessary or, in consultation with appropriate Officers, shall

specify in the conditions of tender the nature and amount of security to be given. In the latter event, the Council shall require and take a bond or other sufficient security for the due performance of the contract. A financial check must be made against the selected contractor prior to the contract being awarded.

(n) Council need not accept the lowest tender and may take into account references, reputation of the tenderer, quality of past service and differences in tender detail with the aim of achieving the best value for money in placing the contract. If however the lowest tender is not accepted reasons shall be specified in the minutes or report of the meeting at which tenders were considered.

(o) No exception from the provision of these Standing Orders (other than those expressly provided for) shall be made without resolution of the Council or the Resources Committee. Every exception made by the Council or the Resources Committee shall be recorded in the minutes of the Council or committee specifying the special circumstances by which the exception was justified.

12. PAYMENT UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the Town Clerk/Responsible Financial Officer 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 Town Clerk/Responsible Financial Officer shall maintain a record of all such payment. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses will exceed the contract sum by 5% or more a report shall be submitted to the Resources Committee.

12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Town Clerk/Responsible Financial Officer in writing, with Resources Committee being informed where the final cost is likely to exceed the financial provision.

13. CONTRACTS FOR INCOMING TENDERS /MARKET TRADING OPPORTUNITIES

13.1 All market/event pitch opportunities will be advertised on the Town Council website.

13.2 A market/event pitch will not necessarily be awarded to the highest bidder. Consideration will also be given to DBS checks, relevant licences, including premises licences, and in case of food, food hygiene checks, and any other checks deemed necessary in connection with the use of mobile premises.

13.3 All income generating opportunities shall either be subject to a published fees and charges policy and or if of a sponsorship nature agreed by the Town Clerk/Responsible Financial Officer in consultation with the Chair of Resources.

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 in that section.

14.2 Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regard quality and or/quantities at the time delivery is made and signed as received on the delivery note. If the goods have not been checked as regard to quality, this must also be recorded on the delivery note.

14.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.

14.4 The Town Clerk/Responsible Financial Officer shall be responsible for arranging an annual check of all stocks and stores and inventory.

15. ASSETS PROPERTIES AND ESTATES

15.1 Appropriate arrangements shall be made for the custody of all title deeds and Land Registry Certificates of properties owned by the Council. The Town Clerk/Responsible Financial Officer 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.

15.2 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 £1,000.

15.3 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).

15.4 The register of Assets over £5,000 shall be checked annually with everything else being checked on a five-yearly basis in line with the review of insurance provider.

15.5 The Town Clerk/Responsible Financial Officer 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.

16. INSURANCE

16.1 The Town Clerk/Responsible Financial Officer shall affect all insurances and negotiate all claims on the Council's insurers in consultation with the Town Clerk. Such insurance shall be subject to competitive quotations every 3 years in line with the special discount negotiated for long term agreements.

16.2 The Town Clerk/Responsible Financial Officer shall give prompt notification to the Town Clerk of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

16.3 The Town Clerk/Responsible Financial Officer shall keep a record of all insurances effected by the Council and the property and risks covered thereby and review the scope and extent of the cover annually.

16.4 The Town Clerk/Responsible Financial Officer shall be notified of any loss liability or damage or of any event likely to lead to a claim.

16.5 All appropriate employees, Members and volunteers of the Council shall be included in suitable fidelity guarantee insurance.

17. RISK MANAGEMENT

17.1 The Council is responsible for putting in place arrangements for the management of risk. The Town Clerk will oversee risk assessments undertaken by:

(a) the Town Clerk/Responsible Financial Officer in relation to financial activity of the Council;

(b) Administrative Officer in relation to risk assessments in respect of all other activities of the Council (e.g. non-financial activities) to include but not exclusively Events and Management of Property Ownership.

17.2 A selection of Risk policy statements and consequential risk management arrangements and policies shall be reviewed by the Town Clerk and presented to Council at least annually.

17.3 When considering any new activity, the Town Clerk/Responsible Financial Officer 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 Resources Committee to review the Financial Regulations of the Council annually and to make such recommendations to the Council as the Sub-Committee considers are required. The Town Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these Financial Regulations, unless delegated under Terms of Reference any minor adjustments, which can be made and reported back to Council.

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 provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of Council.

Appendix A to Financial Regulations

Scheme of Officer Delegation

Proposed	Comments	Delegations
Payments	To provide control over authorising payments of normal revenue budget	Town Clerk/Responsible Financial Officer - limit £5,000 Town Clerk with Chair of Resources £5,001 to £10,000 (for pre-approved budget by Council) Assistant Town Clerk – limit £1,000 Administrative Officer - limit £500
Payments -Town Deal related Expenditure	To provide control over authorising payments of Grant Funded projects and defrayment of expenditure budget	Town Clerk/Responsible Financial Officer limit £10,000 Town Clerk/Responsible Financial Officer or with Chair of Resources £10,001 to £100,000
Debit Card	Debit card so all transactions come straight out of bank account.	Town Clerk/Responsible Financial Officer - limit £5,000 Assistant Town Clerk – limit £1,000 Administrative Officer - limit £500
Purchase orders	Enables works to be ordered Improves budget control	Town Clerk/Responsible Financial Officer Officer – up to £5,000. Above £5,000 to £10,000 with Chair of Resources Assistant Town Clerk – limit £1,000 Administrative Officer - limit £500 Climate Officer – limit £500
Purchase orders - Town Deal related Expenditure	To provide control over authorising payments of Grant Funded projects and defrayment of expenditure budget	Town Clerk/Responsible Financial Officer - limit £10000 Town Clerk/Responsible Financial Officer or with Chair of Resources £10,001 to £100,000

Petty Cash Expenditure	To provide controls over cash held with the Council	Town Clerk/Responsible Financial Officer – up to £250 Assistant Town Clerk – limit £100 Administrative Officer - limit £50 Climate Officer - £50
Transfer between bank accounts	Flexibility to move monies to maximise interest	Town Clerk/Responsible Financial Officer Up to £15,000 per transaction. Above £15,001 with Chair of Resources
Quotation for works	Specialist providers of services – single quotation	Town Clerk/Responsible Financial Officer with Chair of Resources £5001 to £10,000
	3 quotations £5001- £10,000	Town Clerk/Responsible Financial Officer in consultation with Chair Resources £5001 to £10,000
	2 quotations £1001- £5,000 1 quotation up to £1,000	Town Clerk/Responsible Financial Officer
Quotation for works relating to Town Deal projects	Specialist providers of services – single quotation - under CMBC Framework Agreement	Town Clerk/Responsible Financial Officer in accordance with Calderdale MBC Procurement Regulations and approved as Accountable Body
Virements of budgets with no increase in overall budget requirement	From one Cost Centre to another Cost Centre except movement from Employee.	Town Clerk/Responsible Financial Officer up to £10,000 movement between individual budgets except employee costs.
	Employee Cost Centre	Town Clerk with agreement of Chair of Resources for movement from.
	Within any cost Code Centre	Town Clerk/Responsible Financial Officer up to £10,000 – and above £10,001 with Chair of Resources approval.
Increase from Revenue Reserve for Emergency	To meet additional requirements as approved by Council	Town Clerk/Responsible Financial Officer with Chair of Resources to authorise up to £25,000 to be taken from Reserves with report to next Council Meeting
Bank account signatories- cheques	To provide control over authorising regular payments	One member and Town Clerk/Responsible Financial Officer or Two Members
Sign standing orders and Direct debits	To provide control over authorising regular payments	One member and Town Clerk/Responsible Financial Officer or Two Members
Internet payments for bank account(s)	To authorise single authority payments to include payments made by external accountants.	All payments to be authorised before payment made and to be made under segregation of duties wherever possible. Payments can only be authorised by Town Clerk/Responsible Financial Officer.
“Write off” of bad debts	Miscellaneous debt but excluding Property Rental payments due	Resources Committee up to £100 Council £100 plus