



FROME TOWN COUNCIL

Chapter 3

Financial Regulations



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General

These Financial Regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council. They shall be reviewed and confirmed twice yearly, in September and March. Frome Town Council's financial year commences on 1 April and ends on 31 March the following year.

The Financial Regulations will be important in providing an understanding of the process by which income and expenditure is budgeted and monitored. The Town Council will ensure it has sufficient funds to cover its running costs, to maintain its assets in good condition and to provide high quality services for the residents and Council Tax payers of Frome. They will provide definition, clarity and transparency of the entire process of sound and prudent financial management in which the Town Council engages

These regulations are intended to ensure that the Council meets its statutory requirements regarding financial management, as regards the financial aspects of Corporate Governance and the requirements of the Accounts and Audit Regulations 2003.

The Responsible Financial Office (RFO), under the policy direction of the Council shall be responsible for the proper administration of the Council's financial affairs, and for the production of financial management information.

The Deputy Chief Executive shall be the RFO.

These regulations apply to all employees and Members of the Council as well as any consultant or contractor acting as if they were Council employees.

Nothing in these Financial Regulations will prevent the RFO or in their absence the Chief Executive, in consultation with Mayor and Chair of the Policy and Finance Committee from incurring expenditure required to meet any immediate needs created by a sudden emergency under Section 138 of the Local Government Act 1972, subject to such action being reported to the Council.

AUDIT

External Audit

The external audit regime is controlled by the Audit Commission and is carried out annually. The Audit Commission appoints the auditors and sets the audit fee.

Internal Audit

The RFO shall arrange to carry out a continuous examination and internal audit of all financial operations of the Council.

The Council will maintain an adequate and effective system of internal audit of its systems and accounting procedures and records in accordance with the proper audit practices.

An Internal Auditor shall be appointed on an annual basis at the beginning of the financial year. The Internal Auditor, shall be competent and independent of the operations of the Council, and report to Council twice yearly at least.

The Internal Auditor shall carry out the work required by the RFO, or by the Council, with a view to satisfactory completion of the Internal Auditor's Report 'Statement of Internal Control' of the Annual Return as required annually by the Audit Commission.

Any officer or Member of the Council must make available documents of the Council which relate to its accounting and other records as the Internal Auditor deems necessary for the purposes of the audit or investigation.

Once an internal audit report is issued, the RFO must reply to the report within three months of the date of issue, indicating the action proposed or taken and the timescale involved.

The RFO shall report to the Councillors correspondence or reports from the Internal Auditor. The Council will carry out a review of the system of internal audit prior to appointing the Internal Auditor for the coming financial year. On this review the report must include the council's opinion as to whether the internal audit system is effective.

Irregularities

If concern arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Council or the exercise of the functions of the Authority, the officer or member aware that procedures had not been effected shall immediately report it to the RFO, who shall take necessary action by way of investigation and notify the police, the Town Mayor and the Chair of the Policy and Finance Committee of the situation.

Where a member of staff identifies a potential fraud or irregularity, they should follow the guidance in the Council's Whistleblowing Policy.

Any such matter which involves, or is thought to involve, a Member of the Council, RFO will discuss the issue with the Chief Executive, Mayor, Chair of Policy and Finance and the District Council Monitoring Officer to decide what course of action needs to be followed.

PRECEPT

The Town Councils financial resources are delivered by means of a portion of the Council Tax that is levied on residents within the town boundary. This levy is called the 'Precept'. The Town Council calculates the effect of its Precept based on average Band D property information supplied by Mendip District Council. The Precept is paid to the Town Council in April and September each year.

Capital Funding

Consideration will be given each year to Capital funding, defined as one-off projects for which a budget will only be required in one financial year. The resultant budget heading is known as an Earmarked Reserve for a specific project.

Another type of Capital funding is produced when the Town Council sells equipment or property. The funds raised by this method cannot be held against Revenue requirements. Members must first consider whether such funds should be used to repay any outstanding Town Council loans. A decision can then be made as to whether the funds should be set aside for Capital projects. This type of funding has no effect on the annual budget and is kept in the Town Council's accounts until allocated to a Capital project

Each Committee shall formulate and submit proposals to the Policy and Finance Committee in respect of revenue and capital costs for the following year no later than the end of November each year.

The Council shall then review and agree the proposed budgets in January in order to meet the deadline set by the District Council and finalise the Precept to be levied for the ensuing financial year.

The RFO will be responsible for submitting the Town Council's Precept requirement.

The Council's approval of the estimates shall be deemed approval for the incurring by the appropriate committee of expenditure on each of the items detailed therein. The RFO is delegated authority to initiate expenditure on each of the items detailed at such time as he considers most appropriate, subject to a full report being submitted to the relevant committee at the next available meeting.

Expenditure or income in excess of £2500 allocated in the estimates for particular purposes shall only be diverted to other purposes with the agreement of the appropriate Committee or Council.

The RFO 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 any budgetary provision for the expenditure, subject to a limit of £1000. The RFO shall report action to the Council as soon as practicable thereafter.

If a new Capital project is identified, depending on which financial year the project is intended to be carried out members can decide to budget in a single financial year or over a number of years, to effectively 'save up' to complete the project.

BUDGET MANAGEMENT

The RFO shall maintain all accounting procedures and records according to Council approval. All accounts and accounting records of the Council will be compiled by or under the direction of the RFO with the annual accounts being produced and submitted for Council approval and authorisation within the time limit required by the Council's external auditors.

All documents relating to financial transactions must be retained for the minimum period of six years.

The RFO shall provide the Council with a statement of receipts and payments to date under each budget heading, comparing actual expenditure against planned, at least on a quarterly basis.

Council approval is required for all proposals that would increase expenditure over the Council's annual revenue budget or reduce income to the Council.

Expenditure on revenue items may be incurred up to the amounts included in the approved budget.

In the event of any budget likely to be overspent or income not achieved, the RFO in consultation with the relevant committee will identify where other funding may be sourced from within that committee's delegated budgets and a virement will be agreed by the RFO in consultation with the relevant committee. The RFO will report this to the next P&F committee meeting.

If a committee proposes to use a budget for a purpose other than that was agreed by Full Council, the RFO in consultation with the committee will propose to this to Full Council for approval.

The RFO must ensure that accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. He must also have adequately considered the overall corporate governance and legal issues and that risk have been fully appraised when arranging contracts with external bodies.

Unspent revenue budgets shall not be carried forward to a subsequent year, other than with the approval of the Council in response to a specific request from a Committee.

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.

All Capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

The RFO will provide each Committee with full details of actual expenditure against planned budgets under their control. All other members will be issued with a summary report, unless full details are requested. These will be issued on at least a quarterly basis for the purpose of monitoring the budgets under their control in accordance with Council's Risk Management Policy.

RESERVES

Revenue reserves are cash backed balances, held on the balance sheet until they are spent, they can only be spent once, and are not part of the ongoing base budget.

Reserves are held for two main purposes, General Reserves and Earmarked Reserves.

General Reserves

Is a contingency to cushion the impact of unexpected events or emergencies and to avoid unnecessary temporary borrowing.

It is recommended by the Audit Commission that the Town Council should set aside no less than the value of three months net revenue expenditure each year, as General Reserves, to cover unexpected and unforeseen events.

Frome Town Council considers a prudent level of General Reserves to be anything between 3 to 8 months net revenue expenditure. Anything above that would require a formal resolution of justification explaining why such a significant level of reserves is necessary.

Expenditure from General Reserves must first be approved by the Town Council. Members will scrutinise any request before giving approval. The only exception is when a matter is so urgent that it must be dealt with immediately. Standing Orders and Financial Regulations state clearly what action must be taken in such circumstances.

Earmarked Reserves

Earmarked reserves are a means of building up and/or ring fencing, funds over, perhaps, a period of years to deliver a defined project, predicted liabilities or to smooth known significant expenditure. They are not to be used for emergency operations.

Earmarked reserves must be established by Full Council at the budget setting meeting in January. Every proposal to establish an earmarked reserve must include a costed, phased and project plan before Full Council will agree to establishment.

Once agreed earmarked reserves are to be administered by the relevant committee, as agreed by Full Council, in consultation with the RFO. Any changes to how the earmarked reserve will operate must be agreed by Full Council.

INVESTMENT STRATEGY

The Investment Strategy will be a public document as defined by the Freedom of Information Act 2000.

If Frome Town Council has surplus funds in its bank account they must be invested prudently and, wherever possibly, ethically, with full recognition of the Town Council's responsibility to the Council Tax payer, and with regard to the priority for security and liquidity of those investments.

All the Town Council's investments will be Specified Investments in sterling and will be short term not exceeding twelve months.

All investments will be made with a body or an investment scheme which has been awarded at least A credit rating by either a Standard and Poor's Moody's Investors Services Ltd or Fitch Ratings Ltd, or as prescribed by the Policy & Finance Committee.

Credit ratings and investments will be monitored and reported to every Policy and Finance Committee for review.

TREASURY MANAGEMENT

All securities which are the property of, or are in the name of the Council, or its nominees and title deeds of all property in its ownership or mortgaged to the Council, must be held in the custody of the RFO.

All borrowings must be made in the name of the Council and shall be for a set period in accordance with Council policy.

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 RFO must maintain records of all monies borrowed by the Council.

All trust funds must, wherever possible, be in the name of the Council. Where funds are held on behalf of third parties, the RFO must ensure their secure administration and maintain records of all transactions.

The RFO, acting as trustee by virtue of their official position, must deposit all securities etc., relating to a trust according to the requirements of the deed. Trust funds must be operated within any relevant legislation and the specific requirements for each trust.

Where the Council is sole trustee of a Charitable body the RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in an appropriate, form in accordance with Charity Law and legislation, or as determined by the Charity Commission. The RFO shall arrange for any audit or Independent Examination as required.

BANKING ARRANGEMENTS

A Lloyds TSB Business Instant Access Account is used as the cheque account from which invoice payments and direct debits are made.

Monies are transferred to the cheque account according to projected spend in any month on the authorisation of the RFO.

Council savings accounts are Lloyds TSB 30 and 90 day Notice Account plus a 90 day Treasury Deposit Account. Lloyds TSB has a credit rating of "AA" with both Moodys and Fitch credit rating agencies (March 2009)

A 90 day Guaranteed Investment Account is held with the Co-operative Bank. The Co-operative Bank has an "A" rating. (March 2009)

The banking arrangements will be reviewed on a triennial basis to ensure that the Town Council's needs are fully met at the lowest possible cost available. The first triennial review will take place in 2009.

The RFO is responsible for all banking arrangements in accordance with the bank / building society mandate. They shall be regularly reviewed for efficiency.

Charge cards

Business charge cards shall be ordered only on the authority of Chief Executive or RFO in accordance with the bank / building society mandate, and kept in the safe.

Cheques and payments

No cheques are to be signed unless payee and amount details are already entered.

All cheques must be signed by at least two members authorised in accordance with the bank / building society mandate and the RFO or Chief Executive.

Cheques and payments up to £9,999.99

Any two authorised members plus the RFO or Chief Executive.

Cheques and payments between £10,000 and £24,999.99

Any one authorised member plus Chairman of Policy and Finance Committee or the Mayor plus the RFO or Chief Executive.

Cheques and payments over £25,000

The Chairman of Policy and Finance Committee plus the Mayor plus the RFO or Chief Executive

Petty cash accounts and floats

The RFO will provide petty cash accounts with a float of £50 Outside Services Section and £100 Central Services Section.

Petty cash expenditure on a single item is limited to £25, except with prior approval from the RFO.

An appropriate VAT receipt must be obtained for all items of expenditure. Receipted vouchers must be signed by the recipient on reimbursement

The Petty cash accounts must be checked by authorised signatories when the float is reimbursed.

ORDERS AND PAYMENT FOR GOODS AND SERVICES

Orders

Official orders must be approved by the RFO. Heads of Services can authorise their staff to sign orders but this does not remove their responsibility for official orders issued from their service area.

Heads of Service are responsible for ensuring that orders and related invoices are examined, verified and certified.

Official orders or letters must be issued for all goods, services and work or to be supplied to the Council (and copies retained) except for public utility services, periodical payments such as rent or rates, formal contracts, professional fees, and charge card, internet or petty cash purchases.

For all orders over £4,999, Contract Standing Orders/Financial Regulations must be complied with.

Verbal orders may only be issued as a matter of true urgency and must be confirmed by an official order without delay.

Where an order has been placed using either a Council charge card or via the internet, a confirmation order should be produced and retained, to ensure that there is a record of the purchase.

Ordering of goods and services via the internet may only be undertaken by the RFO and Chief Executive who are authorised charge card signatories. Invoices relating to these goods or services ordered must be processed by means of the Council's normal creditor payment method or by Council charge card.

Personal credit cards must not be used.

Orders must be placed to ensure that the best interests of the Council are met. Orders must not be split or disaggregated to avoid the EU competition requirements, Contract Standing Orders or these Financial Regulations.

The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

All supplier discounts are to be taken as a deduction against the cost of goods purchased and must appear on the invoice. Where a supplier provides a free item, or where a discount is available only as goods, the free item or goods may be accepted and become Council property. Arrangements for their use for Council purposes or disposal will be made by the RFO or Head of Service, who must maintain a record of items so acquired, and arrange as appropriate for their entry into stock, stores or inventory records or disposal in accordance with these Financial Regulations.

Official orders must indicate clearly the quantity, quality and nature of the goods, works and services and the contract or agreed prices or rates.

Each Head of Service is responsible for ensuring that the costs of official orders are within the approved estimates and that the relevant standing orders have been complied with. Expenditure incurred in an emergency, the relevant Head of Service is responsible for obtaining any subsequent authorisation.

Official orders must not be used for any personal purchases, or use be made of Council contracts.

Where a Goods Received Note (GRN), this must be signed as correct by the receiving officer and attached to the order to which it relates.

Payment

Apart from petty cash accounts, the normal method of payment due from the Council must be by cheque, Standing Order, Direct Debit or BACS drawn on the Council's banking. Payments must be undertaken by or under the direction of the RFO.

Before certifying an invoice, the RFO must be satisfied that the work, goods or services to which the account relates have been received, carried out, examined and approved. That the prices, calculations, trade discounts, other allowances, credits and tax is correct. That the relevant expenditure has been properly incurred and is within the relevant estimate provision. That the appropriate entries have been made in inventories, stores records or stock books as required.

Authorised signatories must not authorise a payment to themselves. Where it is intended that the Council pay the signatory, that invoice must be authorised by another approved signatory.

Certified invoices must be passed to the RFO for payment and authorisation as a proper liability of the Council.

Schedules of payments made, will be presented at each Policy and Finance Committee for approval and be made available to all Councillors upon request.

Invoices must be paid within 30 days, unless they are formally disputed.

Each Head of Service must before the closure of accounts for that financial year, notify the RFO of all outstanding expenditure relating to that year for goods and services.

To indicate agreement of the details shown on the cheque or order for payment with those on the invoice, the signatories shall each initial the invoice total and cheque counterfoil.

SALARIES AND ALLOWANCES

The RFO must arrange for the payment of all salaries, pensions, allowances, compensation and other such payments to employees and former employees, members and former members of the Council in accordance with payroll records and the rules of HMRC

The RFO must be notified of all staff appointments (including casual or consultancy), resignations, dismissals, suspension, secondments and transfers. All absences from duty for sickness or other reasons, apart from approved leave. All changes in remuneration (changes in hours, acting up allowances) other than pay awards and other negotiated agreements and any other information necessary to ensure correct records are maintained.

All timesheets must be approved by the RFO and must be authorised by the Head of Service member of staff.

Heads of service must ensure that overtime claims or bonus payments made to employees are made as a result of a true and complete record of work.

Employees must not certify their own timesheets. Where the claimant is a Head of Service, the RFO must certify. Where a claimant is the Chief Executive, the Mayor or Chair holder of the Policy and Finance Committee must certify.

Payment of salaries and deductions from salary must be made in accordance with the payroll records and on the appropriate dates, each payment must be authorised and reported to and ratified at each Policy and Finance Committee meeting.

Salary increment increases must only be implemented on instruction from the Personnel Sub Committee. LGE annual cost of living increases will be reported to the Personnel Sub Committee for approval.

Travelling allowances and subsistence payments

All payments to staff and Members (including co-opted Members of the Council and Council Bodies) who are entitled to claim travelling or other allowances must be made by the RFO upon receipt of the completed relevant claim form accompanied by an appropriate VAT receipt. All claims for a financial year are to be submitted within one month of 31st March. (A single VAT receipt is sufficient to cover the total annual mileage claim)

The certification by the Head of Service will be taken to mean they are satisfied that the journeys and expenses incurred were authorised, and the allowances properly payable by the Council.

Claims must be submitted within three months after the expenses were incurred. Staff must not certify their own claims. Where the claimant is a Head of Service, the RFO must certify the claim. Where a claimant is the Chief Executive the Mayor or Chair holder of the Policy and Finance Committee must certify the claim.

GRANTS TO EXTERNAL ORGANISATIONS

All grants due to be made to external organisations or individuals must be approved by the Grants Sub Committee.

Applications must be obtained from the organisation concerned on the agreed form.

ASSETS

Income

The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO. All income received will be recorded accordance with the requirements of the Accounts and Audit Regulations 2003.

Comprehensive records as to work done, goods supplied, services rendered and amounts must be maintained as required by the RFO.

The RFO will make arrangements for the billing, chasing and collection of monies due to the Council. Invoices must be raised in respect of work done, services rendered, etc. within 10 working days.

Prompt, appropriate action should be taken to ensure all monies due to the Council are recovered in full, in a timely fashion. Where payment of outstanding monies is not forthcoming, action, including legal action, may be taken to recover and secure these sums.

All receipt forms, books, and tickets will be supplied to service areas by or under the direction of the RFO. Adequate arrangements for their control within the service area concerned must be agreed with the RFO in accordance with the Council's Risk Management Policy.

Where any significant sums of cash are received, the 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 such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

All money received by a member of staff on behalf of the Council must be banked in its entirety at the earliest opportunity. The origin of each receipt shall be entered on the paying-in slip.

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

Every transfer of official money from one member of staff to another must be recorded by the recipient and signed by both members of staff involved in the transaction.

All cheques must be made payable to Frome Town Council. The full amount of the cheque is payable to the Council. Under no circumstances must change be given as part of the transaction.

Sums due to the Council not exceeding £150.00 shall not be written off without the approval of the RFO. Sums in excess of £150.00 shall not be written off without the approval of the appropriate Committee of the Council.

All scales of charges within the Council's control must be reviewed at least annually.

The RFO shall ensure that the VAT Return is completed quarterly by the specified date.

INSURANCE

The Town Council requires insurance cover for a variety of risks, including its assets. The Insurance Schedule will be reviewed annually to ensure that all risks are covered.

The insuring company will be reviewed on a triennial basis by obtaining quotations from at least three reputable insurance companies. The next review will take place in the 2012/13 financial year.

The RFO is responsible for arranging all insurance cover for the Council, and negotiating all claims, in consultation with other members of staff as necessary. Any changes to existing services that may increase or decrease risk, any incidents or potential claims that arise, must immediately notify the RFO.

Heads of Service must immediately notify the RFO of all new risks, properties or vehicles to be insured or any alterations affecting existing insurance arrangements. Any loss, liability or damage or any event likely to lead to a claim shall be reported to Council at the next meeting.

All employees of the Council are included in suitable fidelity guarantee insurance. For cover under this policy to be applicable, two suitable references must be obtained for all new employees.

The RFO must keep a record of all insurances effected by the Council and the property and risks covered thereby, and annually, conduct a risk assessment and review all insurance cover in consultation with Heads of Service.

Heads of Service must consult the RFO concerning the terms of any indemnity which the Council is requested to give.

The RFO shall ensure that all contractors have adequate employers, third party and public liability insurance before contracts are carried out on behalf of the Council

In accordance with audit best practice every five years the RFO must undertake a full revaluation of all assets held by the Council.

Stock and equipment

The RFO and each Head of Service must ensure the safe custody and physical control of the stock and equipment under his/her supervision

Stock must not exceed normal requirements except in special circumstances with the approval of the Head of Service or RFO.

Heads of Service must arrange for periodical test checks of stock by persons other than the storekeepers and must ensure that all stock are checked at least annually and reported to the RFO.

All records and accounts relating to stock must be in a form approved by the RFO. Each responsible member of staff must supply the RFO with sufficient information relating to stock to allow for the proper accounting, costing and financial records of the Council.

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.

Any items of stock or equipment deemed obsolete or surplus to requirements must, where the expected loss on disposal is no more than £500, be sold or disposed of on the authorisation of the RFO. Where the expected loss on disposal exceeds £500, the approval of the Chairman of the relevant committee must be obtained.

Sales of surplus or obsolete items must be through public auction or competitive tender except when, in the opinion of the RFO the financial interest of the Council would be better served by disposal by other means. Leased items should only be disposed of in accordance with the instructions of the lessor.

The appropriate stock or inventory record must be updated to reflect the disposal.

Inventory and Asset Register

The RFO shall maintain the Town Council's Inventory and Asset Register. The Asset Register will be updated as and when items are purchased or disposed. This register will form the basis for Insurance ensuring they are adequately and appropriately insured against loss, damage or theft.

A Buildings Maintenance Schedule (BMS) is to be developed during 2009. The BMS will detail all the regular buildings maintenance required in each financial year. As part of the budget process each year, the BMS will be scrutinised and estimated expenditure requirements assessed. An amount will then be included in the budget of the relevant Committee for that purpose. The BMS will be reviewed on an annual basis.

An Inventory has been drawn up of the Town Council's equipment in each location for Insurance purposes, and to control the replacement of items. Each Committee's annual Budget will include an amount for replacement and repair of equipment under their control. The Inventory will be updated on an ongoing basis.

The Civic Regalia is listed separately in the Asset Register. Most of the Civic Regalia has a high insurance, replacement and repair value, especially the Mayoral Chain.

Each Head of Service must advise the RFO upon request, of any changes to their inventory list.

If practicable, each Head of Service must mark furniture, equipment, plant and technical equipment as being Council property. Leased items must have the relevant leasing information recorded in the inventory records.

Except in accordance with specific directions issued by the Head of Service concerned, Council property may only be removed from Council premises in accordance with the ordinary course of the Council's business for the Council's purposes.

Leased items should only be disposed of in accordance with the instructions of the lessor.

Land and Property Assets

The RFO will maintain a record of all the Council's owned, leased or rented land property interests, stating the purposes for which the land is held, the location, the extent and plan reference, purchase details, particulars or nature of interest, rents payable and particulars of tenancies granted.

The RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council.

All acquisitions and disposals of land must be undertaken in compliance with the Council's Contract Standing Orders.

No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £500.

Where land or property is disposed of at or below the current market value or in any exchange, this must comply with the requirements of the relevant legislation, as updated by the latest Statutory Instrument or Consent.

SECURITY

General

Each Head of Service is responsible for maintaining proper security at all times for all buildings, stocks, stores, furniture, equipment, cash, etc. under his/her control. He/she must consult the RFO where security is thought to be inadequate or it is considered that special security arrangements are necessary.

Maximum limits for cash holdings must be agreed with the RFO.

Keys to safes are to be with the designated key-holder at all times. Such keys must not be left on site when the premises are not occupied by Council staff, unless expressly approved by the Head of Service. The loss of any such keys must be reported to the immediately.

Protection of private property

The Council's Lost Property procedures must be complied with for all property found on Council premises or handed to a Council member of staff, with respect to its storage and disposal. These procedures should also be followed where the property has been passed to the Council for safekeeping.

An itemised inventory must be kept of all movable private property taken into Council custody, prepared and witnessed by two members of staff and, where known, the owner of the property. The inventory record of these items must be included within the normal inventory maintained by the RFO.

Computer security

The RFO is responsible for maintaining the proper security and privacy of information held in the computer installation.

Each Head of Service is responsible for ensuring that proper procedures are in place for maintaining the privacy and security of all data held on personal computers within their service area.

Each Head of Service is responsible for notifying the Chief Executive of all new computer applications and administrative records and procedures so they can be assessed under the Data Protection Act.

CONTRACTS, TENDERS AND QUOTES

Contracts

All contracts must be let in full compliance with the Council's Contract Standing Orders.

Every contract made by the Council or by a committee, sub-committee, or officer acting on their behalf shall comply with the EU Treaty and with any relevant Directives of the EEC in force in the United Kingdom and, except as hereinafter provided, within these Financial Regulations.

It shall be a condition of any contract between the Council and any person, not being an officer of the Council, who is required to supervise a contract on their behalf that, in relation to such contract, s/he shall comply with the requirements of the Council's Standing Orders and Financial Regulations as if s/he were an officer of the Council.

When the Council is contractually bound as an agent on behalf of some other statutory body, it will be necessary for the standing orders and rules and regulations of that body to have precedence over these standing orders in order that the Council may carry out its obligations to/on behalf of that body.

Exemption from any of the following provisions of these Financial Regulations may be made by direction of the Council or a committee or sub-committee duly authorised in that behalf where they are satisfied that the exemption is justified.

A record of any exemption made shall, be minuted at the appropriate committee meeting.

Tenders and quotes

For the purposes of these Financial Regulations; the term "Quotation" refers to any invitation to contract not exceeding £49,999 and the term "Tender" refers to any invitation to contract exceeding £49,999.

Estimated value or proposed contract does not exceed £4,999, The contract may be let at the discretion of the RFO. The RFO shall endeavour to ensure that the cost is competitive.

Invitation to and Acceptance of Quotations

Estimated value or proposed contract exceeds £4,999, but does not exceed £49,999

Quotations shall be invited from a minimum of three suppliers/contractors.

Provided that at least two quotations are received by the date and time stipulated, the RFO in conjunction with the Chair of the spending Committee concerned shall have power to accept an appropriate quotation.

Where the RFO, in conjunction with the Chair of the spending Committee concerned do not accept the lowest quotation a written report will be submitted on the circumstances to the next meeting of the appropriate committee. Acceptance must be in writing and supported by a copy of the appropriate quotation document setting out terms and conditions, where applicable.

Where an invitation for a quotation is made, it will state that no quotation will be considered unless it is enclosed in a plain sealed envelope which shall bear the word 'Quotation'

followed by the subject to which it relates and no other name or mark indicating the sender.

The quotations shall be kept in the custody of the RFO or other authorised officer until the time and date specified for their opening.

No quotation received after the time and date specified in the invitation shall be accepted or considered under any circumstances.

Quotations received shall be opened only in the presence of the RFO and the appropriate officer at the same time.

All quotations received shall be recorded in a register which shall be kept available for inspection. All persons present at the opening shall sign the Register.

Invitation to and Acceptance of Tenders

Estimated value or proposed contract exceeds £49,999,

Public notice shall be given in at least one local newspaper and in at least one newspaper or journal circulating among such persons or bodies who undertake such contracts.

At least 14 days' public notice shall be given inviting tenders and shall express the nature and purpose of the contract and state where further details may be obtained, and the latest date and time tenders will be received.

Where an invitation to tender is made, every invitation shall state that no tender will be received unless it is enclosed in a plain sealed envelope which shall bear the word 'Tender' followed by the subject to which it relates and no other name or mark indicating the sender.

The tenders shall be kept in the custody of the Chief Executive or such other authorised officer until the time and date specified for their opening.

No tender received after the time and date specified in the invitation shall be accepted or considered under any circumstances.

Tenders received shall be opened only in the presence of a Member (or Members) of the Council, the RFO and the appropriate officer at the same time.

All tenders received shall be recorded in a register which shall be kept available for inspection. All persons present at the opening shall sign the Register.

Any tender may be accepted. If the lowest tender is not accepted a report explaining the circumstances will be submitted to the Council.

Register of contracts

A register of all contracts of a value in excess of £4,999 placed by the Council shall be kept and maintained under the direction of the RFO. The register shall for each contract, specify the name of the contractor, the works to be executed or the goods to be supplied and the contract value. The register shall be open to inspection by any member of the Council.

Contract conditions

Every contract shall be in writing.

If it does not exceed £49,999 it shall be signed by the RFO on behalf of the Council (or by someone duly authorised to sign on their behalf).

If it exceeds £49,999 it shall be signed (or sealed) by Town Mayor and the RFO (or by someone duly authorised to sign on their behalf)

The contract will specify the goods materials or services to be supplied and the work to be executed; the price to be paid together with a statement as to the amount of any discount(s) or other deduction(s); the period(s) within which the contract is to be performed and such other conditions and terms as may be agreed between the parties.

Where the RFO or Spending Committee considers it necessary, due to the nature of the contract or any other particular circumstances provide for the payment of liquidation damages by the contractor where he fails to complete the contract within the time specified.

Where the RFO or the spending Committee considers it necessary due to the nature of the contract or any other particular circumstances, shall there be a requirement for the contractor to enter into a bond for its due performance, or into such other arrangements as may be approved by the RFO, in the sum of 10% of the contract amount. This must be identified in advance and stated in the tender documents.

In cases where a bond is required, the tender documents shall make reference to this, but it be stated in the documentation that, if the contractor has not produced the required form of bond prior to the date set for commencement of the work, then 10% of the contract sum will be deducted from the first or, if this is not sufficient, from subsequent interim payments.

Where the RFO or the spending Committee considers it necessary due to the nature of the contract or any other particular circumstances, there will be a provision for the Council to make retention of 10% for an agreed period to ensure the satisfactory completion of the contract.

Special equipment or services

The policies detailed above for tenders and quotations shall not apply in respect of the supply of specialist equipment or the carrying out of specialist works which can, in the opinion of RFO or appropriate officer, be obtained only from a limited number of suppliers or contractors or where the price of the equipment works supplied/carried out are wholly controlled by trade organisations or government order etc and no reasonably satisfactory alternative is available.

The RFO or appropriate officer shall, in every case, certify that the goods or services required are of such a specialist nature. Contracts of a specialist nature which are deemed not to be subject to tender or quotations will be reported to the relevant committee.

British Standards

Every contract shall require that all goods and materials used or supplied, and all the workmanship shall be at least of the standard required by the appropriate British Standards Specification or Code of Practice as appropriate current at the date of the tender.

Cancellation of Contract

There shall be inserted in every written contract a clause empowering the council to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor shall have offered or given or agreed to give any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any action in relating to the obtaining or execution of the contract or any other contract with the Council, or for showing or forbearing to show favour or disfavour to any person in relation to the contract or any other person employed by him or acting on his behalf (whether with or without the knowledge of the contractor), or if in relation to any contract with the Council, have committed any offence under the Prevention of Corruption Acts 1889 to 1916, or shall have given any fee or reward the receipt of which is an offence under section 117(2) of the Local Government Act 1972.

Appointment of Consultants

Tenders for consultancy work are invited only from the membership list of the appropriate professional body. Preference should be given to firms in the locality. Where no professional body exists qualifications, experience and evidence of work undertaken must be sought to establish credibility.

The full terms of the appointment should be made known to tenderers at the time tenders are invited.

In appropriate cases, tenders should be sought on an annual or longer term basis, with a maximum of five years at any one time, but discretion on the length of the contract within the maximum should be left to the RFO or appropriate officer in conjunction with the Chair holder of the appropriate spending Committee.

The RFO or appropriate officer should be empowered to appoint consultants for preliminary advice such as feasibility studies without the delay and expense of tendering, subject to there being appropriate provision within the approved capital estimates.

Management of Contracts

Payments to contractors on account of contracts shall be made only on a certificate issued by the qualified professional advisor (where such has been engaged by the Council) or by the RFO in conjunction with the Chair holder of the spending committee.

Subject to the provisions of the contract in each case every variation shall be authorised in writing by the RFO in conjunction with the Chair holder of the spending committee.

If the estimated additional cost of such a variation exceeds 5%, it shall be reported to the appropriate spending Committee.

The final certificate of completion of any contract shall not be issued until the appropriate officer, private architect, engineer or consultant has produced a detailed statement of account, and all relevant documents.

Claims for contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Council's legal advisors for consideration of the authority's legal liability and, where necessary, Chair holder of the appropriate spending Committee for financial consideration before a settlement is reached.

Where the completion of a contract is delayed by more than one-sixth of the original contract period, it shall be the duty of the supervising officer or professional technical advisor concerned to report the delay, and the reasons therefore to the appropriate committee.

Where completion of a contract is delayed after the completion or extended completion date and the contract so provides, it shall be the duty of the supervising officer to certify under the contract whether any monies, and if so how much, should be deducted as liquidated and ascertained damages, and to notify the RFO and Chair holder of the spending committee accordingly, or on failing to do so report the same to the appropriate committee.

CONTRACTS FOR BUILDING, OTHER CONSTRUCTION OR ENGINEERING WORK

Payments shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).

Where a contract permits instalment payments, the RFO will arrange for a contract register which will show the state of account on each contract between the Council and the contractor, together with any other payments and the related professional fees.

Subject to the provisions of the contract, every extra or variation must be approved by the Council and authorised in writing by the RFO and reported to the Council.

At the practical completion of the contract and before the issue of the final payment certificate, the appropriate member of staff, private architect, engineer or consultant must give the RFO a detailed financial statement of the contract, and all relevant supporting documents.

Where completion of a contract is delayed beyond the period of the contract, it is the duty of the RFO to take appropriate remedial action after consultation with the Mayor, Chair of Policy and finance or Chair of the portfolio holding committee and the agreed action taken must be reported to the Council.

RISK MANAGEMENT

The RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.

Risk Assessment and Management Policy

The RFO will ensure that a robust and proportionate method of Risk Assessment and Management of all the Town Council's activities is in place and will report to the Town Council annually. In 2009 a computer software package called 'LCRS' has been installed and is being populated.

When considering any new activity the RFO shall prepare a draft Risk Management Register addressing the legal and financial liabilities and Risk Management issues that arise, and present to the Council for consideration and adoption.