



MORPETH TOWN COUNCIL

**FINANCIAL
REGULATIONS**

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1.0 Introduction and Status of the Financial Regulations

Full Council 15th May 2019

- 1.1 The Council has a responsibility in law for ensuring that its 'financial management is adequate and effective' and that it has a 'sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk'.
- 1.2 These Financial Regulations form part of the Council's Constitution and provide the framework for the management of the Council's finances in accordance with these statutory responsibilities.
- 1.3 The Financial Regulations apply to every Member and Officer of the Council and to anyone acting on their behalf. They identify the financial responsibilities of the Council as a whole, Members of the Council, the Town Clerk, the Finance Manager, and all other managers and senior officers employed by the Council.
- 1.4 The Clerk is the Council's Responsible Financial Officer in accordance with Section 151 of the Local Government Act 1972, and acting under the policy direction of the Council's Finance and General Purposes Committee (F&GP) is responsible for the proper administration of the Council's financial affairs in accordance with all relevant laws, acts, regulations and proper practices.
- 1.5 The Clerk will determine on behalf of the Council, its accounting policies, procedures, records and control systems, and ensure that these are observed and kept up to date in accordance with proper practices, produce the Council's accounts, budgets and financial plans, and assist the Council in securing economy, efficiency, and effectiveness in the use of resources.
- 1.6 The Clerk is also responsible for issuing supporting financial policies and procedures, as well as financial management information, advice, training and guidance to underpin the requirements of these Financial Regulations.
- 1.7 All Members and officers of the Council have a responsibility under the requirements of these Financial Regulations for taking reasonable action to ensure the security of all assets under their control, ensuring that all expenditure incurred is legal and properly authorised, that all cash and other income is properly collected, accounted for and banked, and for securing value for money in the use of public money.
- 1.8 Senior officers are responsible for ensuring that all staff in their services are aware of the existence of the Council's Financial Regulations and supporting financial policies and procedures, and that they comply with their requirements.
- 1.9 Any known breach of or non-compliance with these Financial Regulations must be reported to the Council's Internal Auditor. The Internal Auditor, in consultation with the Town Clerk and Finance and Administration Assistant, will decide whether the breach or non-compliance represents a significant risk of harm to the Council's interests, and what disciplinary action is required, and will report the outcome to the Council.
- 1.11 The Financial Regulations will be regularly reviewed and updated by the Clerk and Finance and Administration Assistant and any revisions will be submitted to Council for approval.

2.0 Financial Management Responsibilities

- 2.1 The financial management responsibilities at each level of the Council are summarised in this section of the Financial Regulations.

Council

- 2.2 Council is responsible for adopting the Constitution, which contains the Financial Regulations and provides the framework and guidelines within which the Council operates, and for monitoring and ensuring compliance with this.
- 2.3 Council is also responsible for setting the Council Precept, approving the annual Statement of Accounts and Annual Governance Statement, approving new borrowing and the bank mandate, writing off debts, declaring eligibility for the General Power of Competence, and receiving external audit reports.

Finance and General Purposes Committee

- 2.4 Finance and General Purposes Committee are responsible for monitoring and ensuring compliance with the Financial Regulations and discharging functions in accordance with the Regulations.
- 2.5 Finance and General Purposes Committee are also responsible for considering and recommending for approval by Full Council, the annual Budget, supporting financial policies such as the Treasury Management Policy, financial plans such as the Medium Term Financial Plan and all other relevant financial information.
- 2.6 Any decision taken by the Finance and General Purposes Committee must take account of any legal and financial implications and consider any risk management issues that may arise from the decision.

The Town Clerk

- 2.7 The Town Clerk is the Council's 'proper officer' in accordance with Section 112 of the Local Government Act 1972, and is ultimately responsible for the discharge of the council's functions, under delegation from the Council.
- 2.8 The Clerk is the Council's Responsible Financial Officer in accordance with Section 151 of the Local Government Act 1972, and, acting under the policy direction of the Council's Finance and General Purposes Committee, is responsible for the proper administration of the Council's financial affairs in accordance with all relevant laws, acts, regulations and proper practices.
- 2.9 The Town Clerk is responsible for the overall strategic and corporate management of the Council including the maintenance and update of the Council's Constitution.
- 2.10 The Town Clerk must report to and provide independent, objective and professional advice and information to the Council and its various Committees to help them make appropriate and lawful decisions.

2.11 The Town Clerk is also responsible for establishing a framework for management direction and staff management and dealing with personnel issues, representing the Council, promoting and maintaining high standards of conduct, reporting any breaches of law, health and safety, asset management, monitoring the performance of the Council, and the managing the system of recording and publicising all Council decisions, policies and procedures.

2.12 The Clerk is responsible for the following areas of financial management with the aid of the Finance and Administration Assistant: -

- Advising the Council, whether a decision is likely to be in accordance with the Financial Regulations and the Standing Orders for Contracts and Procurement;
- Determining on behalf of the Council, its accounting systems, internal controls, financial records, accounting policies and financial procedures in order to ensure compliance with the Financial Regulations;
- Reporting on the Council's financial performance and financial position;
- Providing financial information to Members and Officers including the regular reporting of budgetary control during the year;
- Preparing the annual Revenue Budget and Capital Programme;
- Preparing the Medium Term Financial Plan;
- Preparing the annual Statement of Accounts;
- Preparing the Annual Governance Statement incorporating the annual Statement of Internal Control;
- Treasury Management including the maintenance of the Treasury Management Code of Practice and the management of the Council's cash flow, loans and investments;
- Managing an effective payroll service;
- Managing an effective accounts payable and receivable function to ensure that all invoices are raised and paid promptly;
- Managing an effective income collection and banking system to ensure that all income receivable by the Council is collected and banked promptly and recorded accurately;
- Managing the Council's insurance arrangements;
- Managing the Council's banking arrangements;
- Accounting for taxation including VAT, income tax and national insurance;
- Preparing and monitoring compliance with the Council's Anti-Fraud and Corruption Policy;
- Overseeing and ensuring an effective internal audit service in accordance with statutory requirements; and
- Providing financial advice and training to members and officers.

2.13 The Town Clerk acts as the Finance and Administration Assistant's line manager.

2.14 Section 114 of the Local Government Finance Act 1988 requires that the Clerk reports to Council and the external auditor, if the Council or one of its officers:-

- has made, or is about to make, a decision which involves incurring unlawful expenditure;
- has taken, or is about to take, an unlawful action which has resulted in or would result in a loss to the Council; or
- is about to make an unlawful entry in the Council's Accounts.

2.15 The Council must ensure that the Clerk is provided with sufficient staff and other resources to carry out these statutory duties effectively.

3.0 Risk Management and Internal Control

Risk Management

3.1 The Accounts and Audit Regulations require the Council to put in place effective arrangements for the management of risk.

3.2 It is therefore essential that a robust risk management system is developed and maintained for identifying and evaluating all significant operational and financial risks to the Council. This includes regularly re-assessing risks arising from existing services and activities, as well as undertaking new risk assessments for all new initiatives and activities.

3.3 The Deputy Clerk is responsible for preparing the Council's Risk Management Strategy and Policy, maintaining and updating the Council's Risk Register, promoting the principles of effective risk management throughout the Council.

3.4 The Deputy Clerk is responsible for ensuring that appropriate insurance cover is put in place to mitigate the risks identified. See Section 18 – Insurance for more detailed information.

3.5 Finance and General Purposes Committee are responsible for approving the Council's Risk Management Strategy and Policy.

System of Internal Control

3.6 The system of internal control is designed to manage risk within the Council to a reasonable level, thereby allowing the Council to deliver its services, aims and objectives in an economic, efficient and effective manner.

3.7 The system of internal control refers to the strategies, policies, management systems and structures, procedures and controls that are in place within the Council which together control the way the Council manages its business, formulates its priorities and objectives, and delivers its services in a way that meets those objectives.

3.8 The system of internal control is based on a framework of the proper establishment of the Council's priorities and objectives, regular performance management information, financial regulations and standing orders, administrative procedures incorporating appropriate segregation of duties, management supervision, the internal audit plan, and a system of delegation and accountability.

- 3.9 The system of internal control helps to ensure the effective exercise of the Council's functions in compliance with all relevant laws, acts, regulations and proper practices, promotes the economic, efficient and effective use of public resources, safeguards the Council's assets and interests, and puts in place proper arrangements for the management of risk.
- 3.10 The Clerk, supported by the Internal Auditor, is responsible for establishing the overall system of internal control, reviewing its effectiveness, and monitoring and ensuring compliance.
- 3.11 It is the responsibility of officers to ensure sound internal control arrangements are being followed, and that they meet the requirements of the supporting financial policies and procedures.
- 3.12 It is a statutory requirement set out in the Accounts and Audit Regulations 2011 for the Council to carry out an annual review of the effectiveness of its system of internal control and report the outcome of this review within the Annual Governance Statement in the Statement of Accounts.
- 3.13 The annual review of the effectiveness of internal control is significantly informed by the work of the Internal Auditor, who is responsible for ensuring all of the major services, systems and processes of the Council are reviewed annually in order to ensure the internal financial controls are operating effectively.
- 3.14 The Internal Auditor will make comments where necessary in relation to identified weaknesses in internal control arrangements during audit reviews and will make recommendations for improvements in audit reports.

Internal Audit

- 3.15 The Accounts and Audit Regulations 2011 require that all local authorities 'undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with proper practices'.
- 3.16 The Council's Internal Auditor will achieve this by undertaking audit examinations of all major services, activities, systems and processes and:-
- Reviewing the systems of internal control in place;
 - Ensuring the completeness, accuracy and reliability of financial management information and other records;
 - Ensuring compliance with relevant laws and regulations;
 - Ensuring compliance with the Council's Financial Regulations and other approved Council policies and procedures;
 - Ensuring the protection of Council assets and interests; and - Promoting the prevention and detection of fraud.
- 3.17 Any officer or Member of the Council shall, if required, make available any records of the Council as deemed to be necessary for the purpose of the internal

audit and shall supply the Internal Auditor with such information and explanation as is considered necessary for that purpose.

- 3.18 The Internal Audit function will be competent, objective and independent of the financial operations of the Council and free from any conflicts of interest. The Internal Auditor will have no involvement in the financial decision making, management and control of the Council and will not, under any circumstances, perform any operational duties for the Council, initiate or approve any financial transactions, or direct the activities of any Council employee.
- 3.19 The Internal Auditor will carry out a planned programme of internal audit work for the year and will report the conclusions and recommendations. These will be reviewed by the Finance and General Purpose Committee.
- 3.20 The Accounts and Audit Regulations 2011 also require the Council, as a 'larger relevant body', to 'carry out an annual review of the effectiveness of the internal audit service and that this is used to inform the overall review of internal control.'

External Audit

- 3.21 The external auditors are responsible for auditing, on an annual basis, the Council's Statement of Accounts and Annual Governance Statement.
- 3.22 The external auditors are required to publicly report their formal audit opinion in an Audit Completion Report and Annual Audit Letter and this is required to be published no later than 30th September each year in order to allow the Council to publish the audited accounts by this date, in accordance with the statutory timetable set out in the Accounts and Audit Regulations.
- 3.23 It is important, in terms of providing assurance to local tax payers, that the Council receives an 'unqualified' opinion in the Audit Completion Report and Annual Audit Letter. An unqualified opinion means that no material issues of concern have been identified by the auditors.
- 3.24 An unqualified audit opinion would mean that the auditors consider that:-
- The Council's Statement of Accounts present fairly its financial position and are free from material error or misstatement;
 - The Council is well managed and governed with sound strategies, policies, procedures, systems and internal controls;
 - The Council's finances are in good order

Preventing Fraud and Corruption

- 3.26 The work of the Internal Auditor provides assurance to the Council that its officers adhere to the requirements of this policy and take a proactive approach to the prevention of fraud, thereby helping to ensure that any occurrence of fraud is detected, properly investigated and reported to Council.

Asset Controls

- 3.27 The Town Clerk, with the assistance of all staff, is responsible for ensuring that all Council assets are properly maintained and securely held.
- 3.28 The Council's Asset Management Plan provides the framework for the development of the Council's long term maintenance and capital investment plan for its assets. See Section 17 – Asset Management for further information.
- 3.29 The Town Clerk is responsible for ensuring that the Asset Management Plan is regularly reviewed and that progress in delivering any action plan is reported to the Council's Finance and General Purposes Committee.

Information Technology Controls

- 3.30 Use of computers, servers, email, social media and other information technology by staff will be in accordance the Council's Information Security policy.
- 3.31 Access to all Council computers and servers will be monitored and controlled via the use of user names and passwords.
- 3.32 Access to the Rialtas Business Suite Financial Management System will also be restricted to authorised users and the permissions allocated to individual users will be managed and controlled by the Clerk. Access to the system will be via a user name and password set up by the Clerk.
- 3.33 Access to and use of the internet banking facility will be in accordance with the provisions of Financial Regulation 9.

Staffing Controls

- 3.34 The Town Clerk is responsible for the maintenance of the approved staffing structure and establishment list of the Council which are the key controls over staffing levels.
- 3.35 Any changes to the approved staffing structure, such as the creation of new posts and increase in the staffing budget must be reported to and approved by the Council's Personnel Sub Committee.
- 3.36 The Personnel Sub Committee is also responsible for considering any other relevant staffing related matters.
- 3.37 The Town Clerk is responsible for overseeing the overall management of staff and ensuring compliance with all staffing related policies, including health and safety, and for approving annual salary increments.
- 3.38 The Town Clerk, with assistance from the Council's human resources consultants if necessary, is responsible for the development and maintenance of all staffing related policies and procedures.

- 3.39 The Town Clerk is responsible for advising the Council of the budget required each year to provide for the approved staffing structure including the payment of all salaries and wages, provision for cover, overtime and training.
- 3.40 The Town Clerk is responsible for controlling total staff numbers within the approved staffing structure, the proper use of recruitment, personnel and disciplinary procedures, co-ordinating and overseeing all staff training and development requirements, and recommending changes to staffing structures in order to meet changing operational needs.

4.0 Accounting Systems, Records, Policies and Procedures

- 4.1 Sound financial systems, records, policies, and procedures are essential to an effective framework of financial accountability and control.
- 4.2 The Town Clerk is responsible, under the requirements of the Accounts and Audit Regulations 2011, for determining on behalf of the Council its accounting records and accounting control systems and ensuring that all accounting records are kept up to date.
- 4.3 The accounting records determined by the Town Clerk must be sufficient to show and explain the Council's day to day transactions including all income, expenditure, grants, subsidies, assets and liabilities, in order to ensure that the statement of accounts and any other financial statement prepared, complies with the requirements of the Accounts and Audit Regulations 2011.
- 4.4 The accounting control systems determined by the Town Clerk must ensure that the financial transactions of the Council are recorded accurately and as soon as reasonably possible, include procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct lost records, measures to ensure that risk is managed, the identification of the duties of officers dealing with financial transactions, and the division of responsibilities in relation to significant transactions.
- 4.5 The Town Clerk is therefore responsible for the operation of the Council's accounting systems, incorporating the computerised financial management system (Rialtas Business Suite), the development and maintenance of financial policies and procedures, the format of the Council's accounts and budget and all other financial records, reports and supporting information.
- 4.6 The Town Clerk is also responsible for determining the Council's accounting policies relating to the preparation of the Statement of Accounts and ensuring that they are applied consistently and in accordance the Accounts and Audit Regulations 2011.
- 4.7 All officers are responsible for the proper operation of financial procedures and processes in respect of their own area and for the maintenance of sound financial records.

5.0 Statement of Accounts

- 5.1 The Local Government Act 2003 and Accounts and Audit Regulations 2011, require the Council to prepare, 'in accordance with proper practices', an annual Statement of Accounts.
- 5.2 'Proper practices' in relation to the accounts of larger local councils' are set out in Part 4 of "Governance and Accountability for Local Councils – A Practitioners Guide (England)". This guidance has been based on the Financial Reporting Standard for Smaller Entities (FRSSE). By following the provisions of the FRSSE the Council therefore meets the requirement to follow 'proper practices'.
- 5.3 The Town Clerk is responsible for overseeing the preparation of the Council's Statement of Accounts in accordance with these proper practices and ensuring that appropriate accounting policies are in place to support the figures included in the Accounts and that these policies are consistently applied.
- 5.4 The Town Clerk is also responsible for liaising with and assisting the external auditors in their Annual Audit of the Accounts and making arrangements for the publication of the Accounts in line with the requirements of the Audit Commission Act 1998 and the Accounts and Audit Regulations 2011.
- 5.5 The Account and Audit Regulations 2011 require the Town Clerk to certify the Statement of Accounts by no later than 30th June each year and for the Council to approve the Statement of Accounts by no later than the 30th September.
- 5.6 The Council is then required to publish the Accounts, together with the audit opinion and certificate from the auditor, as soon as possible following the conclusion of the audit of the accounts, and no later than 30th September.

6.0 Financial Planning and Budgeting

Introduction

- 6.1 The Council's Finance and General Purposes Committee is responsible for considering and recommending for approval, to Council, the Medium Term Financial Plan and the annual Revenue and Capital Budgets.
- 6.2 The Council is responsible for setting the Council's Precept each year in accordance with the requirements of the Local Government Act 2003 and Accounts and Audit Regulations 2011.
- 6.3 The Council is also responsible for approving requests to carry forward budget resources from one year to another. Section 8 - Virement and Treatment of Year End Budget Balances provides further information on these issues.
- 6.4 The Town Clerk is responsible for developing and implementing the Council's financial planning framework and for preparing, the Council's Medium Term Financial Plan, Budget Framework and the annual budgets for approval by the Council.

Medium Term Financial Plan

- 6.5 The Medium Term Financial Plan sets out the Council's financial strategy for the following three year period and aims to put in place a strategic approach to the Council's financial planning.
- 6.6 The Town Clerk is responsible for updating the Medium Term Financial Plan on an annual basis and the Plan will be approved by the Finance and General Purposes Committee before being submitted for approval by Full Council.

Budget Framework and Timetable

- 6.7 The Town Clerk is responsible for the development of the annual Budget Framework and Timetable each year, which will set out the proposed guidelines and timescale for the setting of the annual budget.
- 6.8 The Budget Framework and Timetable will be reported to and approved each year by the Finance and General Purposes Committee and, subsequently, the Council.

Budget Preparation and Approval

- 6.9 The Town Clerk is responsible for ensuring that the Budget is prepared each year in accordance with the Budget Framework, and that the Council Precept is set in line with the Northumberland County Council deadline.
- 6.10 All committees are responsible for considering the draft budgets and making recommendations for proposed amendments.
- 6.11 Finance and general Purposes Committee are then responsible for considering the overall Budget, proposing the required level of Precept and Council Tax, and recommending this to Council.
- 6.12 Full Council are responsible for the setting of the Council Precept and the level of Town Council Tax.
- 6.13 The Precept Form is signed by the Chairman of the Council and forwarded to Northumberland County Council as the council tax billing authority usually by no later than the end of January each year.
- 6.14 Detailed estimates of income and expenditure will be prepared for all revenue budgets. All changes to the budgets in respect of inflation, unavoidable budget growth, investment in services, efficiency savings and changes in income will be clearly identified.
- 6.15 Previous and current year's actual expenditure and income levels will be clearly identified in the budget information to enable Members' to make comparison with actual spending and income levels in considering the budget proposals.

- 6.16 Any requests for additional investment in existing or new services in the Revenue Budget, not already approved by the Council, will be clearly identified and explained in budget reports to ensure that they are subject to proper consideration prior to approval by the relevant Committee and Council.
- 6.17 Any capital budget requests will be clearly identified and explained in budget reports to ensure that they are subject to proper consideration prior to approval by the Finance and general Purposes Committee and Council.
- 6.18 The Finance and Administration Assistant will prepare the Council's Budget Document each year, and supply each Member of the Council with a copy.
- 6.19 The approved Revenue and Capital Budgets will form the basis of financial and budgetary control of the Council's spending and income for the following year.

Budget Format

- 6.20 The general format of the budget will be determined by the Town Clerk and agreed by Finance and General Purposes Committee at the time the annual Revenue and Capital Budget is approved.
- 6.21 The format of the budget will detail the allocation of resources to individual service areas, break down income and expenditure and include prior year spending and income figures. It will also include an explanation of the proposed precept and council tax and the levels and proposed use of Council balances and reserves.

Robustness of Budget Estimates and Adequacy of Reserves

- 6.22 It is the responsibility of the Town Clerk to provide assurance to the Council each year on the robustness of the annual budget and the adequacy of the Council's balances and reserves in accordance with Section 25 of the Local Government Act 2003.

7.0 Budget Monitoring and Budgetary Control

- 7.1 The Town Clerk will monitor and control income and expenditure within the approved budgets for their service areas. Every effort should be made to ensure that expenditure and income are managed and controlled within the approved totals included in each service revenue budget.
- 7.2 However it is acknowledged that in some cases expenditure and income are not directly controllable and that it may not always be possible to control income and expenditure within budget, for example maintenance costs, gas, electricity and water costs etc.

- 7.3 Any transfers of unspent resources between service revenue budgets and financial years must be made in line with the rules set out in Section 8 of the Financial Regulations - Virement and Treatment of Year End Balances.
- 7.4 It is the responsibility of the Finance and Administration Assistant to provide clear, timely and understandable financial information on a regular basis.
- 7.5 The Town Clerk is also responsible for reporting budgetary control to Members and will report to Finance and General Purposes Committee on a quarterly basis, including explanations of any material variances.
- 7.6 The Town Clerk may incur unbudgeted expenditure on behalf of the Council which is of an emergency nature e.g. where it is necessary to carry out a repair or other work which is of such urgency that it must be undertaken immediately.
- 7.7 This will be reported to the Finance and General Purposes Committee as soon as practicable thereafter.

8.0 Virement and Treatment of Year End Budget Balances

Virement

- 8.1 Virement relates to the transfer of unspent budget resources from one budget head to another.
- 8.2 The Town Clerk may exercise virement within, the overall approved budget total with no limitations.
- 8.3 Virement between service budgets and reserves can be exercised with the approval of the Town Clerk but must then be reported to Finance and General Purposes Committee.

Treatment of Year End Budget Balances

- 8.4 Carry forward requests will be recorded on a revenue budget carry forward schedule and must be approved by the Finance and General Purposes Committee and subsequently Full Council when the year-end outturn figures are approved.
- 8.5 Resources from all approved carry forward requests will be ring-fenced and transferred to the Revenue Reserve and released to the appropriate Budget in the following year to meet the commitment for which it was set aside.
- 8.6 Any unspent Revenue Budget resources that have not been requested and approved to be carried forward to the following year, will be transferred to the Council's General Fund Reserve and re-allocated to the Council's Earmarked Reserves as part of the year-end closedown process.

Use of the Revenue Budget Contingency Sum

- 8.7 Where emergency or other unavoidable expenditure is incurred over and above the approved budget and the sum required cannot be met from virement or savings made elsewhere within the budgets, the Town Clerk may use the Revenue Budget Contingency Sum.
- 8.8 This will be reported to the Finance and General Purposes Committee at the earliest opportunity.

9.0 Banking and Investment Arrangements

- 9.1 The Council's banking arrangements, including the authorised bank mandate, will be made by the Town Clerk and approved by the Council. Banking arrangements will be reviewed periodically to ensure they continue to meet the Council's requirements and provide security and value for money.
- 9.2 One current account is currently maintained at the Council's bank, and is used to account for all payments made by the Council for goods and services and staff salaries and wages, and also the receipt of all income due to the Council from fees and charges, grants, contributions and the Precept payment.
- 9.3 All cheques drawn on the general bank account are to be signed by two approved Councillors signatories.
- 9.4 All BAC's payments drawn on the general bank account, and any transfers between bank accounts or to and from investments must be signed and then electronically authorised by two of the authorised signatories on the Council's bank mandate. The two following officers are currently authorised on the bank mandate:-
- Town Clerk;
 - Finance and Administration Assistant
- 9.5 Officers use an internet banking facility to undertake the day to day banking functions including checking balances, making payments by BAC's, and undertaking transfers between accounts.
- 9.6 Each officer has their own smart card and personal identification number (PIN) and will access the internet banking function using a card reader machine issued by the Council's bank.
- 9.7 However, only the Town Clerk has system administrator permissions to authorise payments and make bank transfers, in accordance with the Council's bank mandate.
- 9.8 The Finance and Administration Assistant has limited access which allows payments and transfers to be imported and bank accounts to be viewed, but which does not allow authorisation of payments or other system administrator permissions.

- 9.9 The internet banking function is set up with authority so that any changes to user permissions or authorisation of payments or bank transfers must be subject to approval by the system administrator.
- 9.10 As an added control, the Council's also has a payment limit is in place which would not allow individual payments above £100,000 to be processed without arranging special approval with the Council's bank.
- 9.11 The smart cards and the card reader machine are securely held in the Office whilst the PIN's are known only to the individual they are also held in a sealed envelope in the safe.
- 9.12 A monthly bank reconciliation will be undertaken by the Finance and Administration Assistant agreeing all entries on the bank statements to payments, receipts and bank transfers for the month as recorded in the Council's financial management system. Copies of the bank reconciliation and all bank statements received from the Council's bank will be held on file in the Office.
- 9.13 A summary of transactions from the Council's current bank account for each month will be prepared by the Finance and Administration Assistant and reported to each meeting of the Finance and General Purpose Committee.
- 9.14 The Council does not have or require an authorised overdraft limit and the Finance and Administration Assistant will ensure that the current account does not become overdrawn.
- 9.15 The Council's investment arrangements will be made in accordance with the Council's approved Treasury Management. Section 13 on Treasury Management provides further information on investments.
- 9.16 Short term surplus cash flow resources are currently held in a higher interest account at the Council's bank which offer high security and instant access to the money, whilst providing a small interest return to the Council.
- 9.17 The Council's longer term earmarked balances and reserves are currently invested in or in the Public Sector Deposit Fund with Charities, Churches and Local Authorities (CCLA). The investment provide high security along with a slightly higher interest return, although they do require a period of notice to be provided in order to access the money.

10.0 Procurement, Purchase Ordering and Payments for Goods and Services

Definition of Contracts and procurement Activity

- 10.1 For the purposes of these Standing Orders, contracts and procurement activity is defined as being:-

“A commitment to future expenditure arising from any arrangement or agreement made by or on behalf of the Council for the carrying out of work, the supply of goods and materials or the delivery of services.”

This definition therefore encompasses the arrangements for all areas of procurement relating to both the Council’s Revenue and the Capital Budgets and includes the following:-

- The supply of goods, materials, vehicles, plant, machinery or equipment;
- The hire, lease or rental of vehicles, plant, machinery or equipment;
- The execution of works to land or buildings;
- The delivery of services including training of staff, servicing of vehicles and machinery, consultancy, cash collection, subcontract work and stock taking services.

Table of Financial Thresholds for Procurement

10.2 The following table shows the financial thresholds that will apply to the procurement of all works, goods, materials and services and the associated procurement and tendering procedures:-

Procurement Amount	Procurement and Tendering Procedure
Up to and including £5,000	<p>No written quotations or tenders will be required.</p> <p>However, the principles of value for money i.e. having regard to the achievement of economy, efficiency and effectiveness in the use of public money must be observed and, where possible, evidenced at all times.</p>
£5,001 up to and including £100,000	<p>No formal tender procedure is required but a least three written quotations must be sought.</p>

	This will help to demonstrate and provide evidence of the achievement of value for money.
£100,001 up to and including £181,302	At least three tenders must be sought via Public Notice of Contract or Invitation to Tender. The tender advertisement must be placed in at least one local newspaper.
Over £181,302 (EC Threshold for the purchase of goods) From Jan 2018	EC Procedure is mandatory over the EC Threshold. OJEU notice is required and at least three tenders must be sought, ensuring that the tender process complies with current EC Directives. £4,551,413 for works

- 10.3 A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of £25,000 but less than the relevant thresholds in standing order 18(f) is subject to Regulations 109-114 of the Public Contracts Regulations 2015 which include a requirement on the Council to advertise the contract opportunity on the Contracts Finder website regardless of what other means it uses to advertise the opportunity.
- 10.4 A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of £181,302 for a public service or supply contract or In excess of £4,551,413 for a public works 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.
- 10.5 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 £363,424 for a supply, services or design contract; or in excess of £4,551,413 for a works contract; or £820,370 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

However, it is important to note that there are a number of exemptions to the requirement to apply the rules summarised above which are set out below.

Exemptions to the Application of the Standing Orders

- 10.6 The Council has the power to waive the requirement of these Standing Orders in specific instances. In such instances, an exemption must be applied for under this Standing Order. However, it is important to note that no exemptions can be applied if the EC procedure applies.
- 10.7 An exemption granted under this Standing Order allows a contract for the procurement of goods, materials, works or services to be placed via direct negotiation with one or more suppliers, rather than in full accordance with the requirements of these Standing Orders.
- 10.8 However, in applying for an Exemption from the Standing Orders, the responsible officer must still ensure that the principles of value for money i.e. having regard to the achievement of economy, efficiency and effectiveness in the use of public money have been observed at all times and evidence this as far as possible.
- 10.9 All applications for exemptions, and the reasons for them, must be recorded using the appropriate form, signed by the Town Clerk. The Standing Order Exemption Application Form is attached in Appendix 1.
- 10.10 Exemptions in respect of capital expenditure must be reported to and considered by the appropriate Committee of the Council and subsequently approved by Full Council.
- 10.11 Exemptions in relation to revenue budget expenditure may be approved by the Town Clerk and do not need to be reported to Committee.
- 10.12 The following exemptions may be applied for, subject to the relevant approval requirements as set out above:-
- a) The goods, materials, works or services to be purchased are **sold at a fixed price**;
 - b) The goods or materials are **patented or** the goods, materials, works or services are **of a proprietary or specialised nature** and for which it is not therefore possible to obtain competitive prices;
 - c) The goods or materials are only obtainable from a **limited number of suppliers** or the services or works can only be carried out by a limited number of contractors. However, in such cases a reasonable number of those suppliers or contractors must be invited to submit tenders;
 - d) The price of the goods or materials to be purchased are **controlled by trade organisations** or for other reasons there is **no genuine competition** for the goods, materials, services or works;

- e) Any contract or sub contract that is substantially for the undertaking of specialist services or works in which the exercise of **professional knowledge** is of primary importance;
- f) The work to be executed or the goods or materials to be supplied relates to **emergency repairs** to or parts for buildings, vehicles, machinery, equipment or plant;
- g) The work to be executed, services required or the goods or materials to be purchased are required as a **matter of urgency**;
- h) Officers and the Council are of the opinion that in any particular case **more favourable terms** are likely to be obtained **by negotiating a price** with a supplier or contractor for the goods, materials, services or works;
- i) The purchase is to be made by **auction**;
- j) The purchase of the goods, materials, services or works is to be made using **standing arrangements with another local authority or public sector body**;
- k) The purchase of the goods, materials, services or works is to be made using a **public service purchasing consortium**;
- l) Where the procurement relates to an **extension of an existing contract and where a change of supplier would cause:-**
 - **disproportionate technical difficulties**;
 - **diseconomies**; or
 - **significant disruption to the delivery of Council services.**

10.13 Where an exemption is necessary because of an unforeseeable emergency involving immediate risk to persons, property, other assets or serious disruption to Council services, the Town Clerk may authorise the exemption, and the exemption may be applied prior to approval by the Council.

10.14 The Town Clerk will prepare a report for the next meeting of the appropriate Committee setting out details of the action taken and seeking retrospective approval.

10.15 Given the small size of the Town Council and the lack of specialist in-house expertise in relation to professional knowledge e.g. surveyors, architects, it is unlikely that the Council would undertake a project over the value of £75,000 without utilising the services of another local authority or public sector body.

Responsibilities and Separation of Duties

10.16 The Members' and Officers' Codes of Conduct require all Members and senior officers to make declarations of interests. This includes any relationships or

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interests with a supplier of the Council and any offers of gifts or hospitality by a supplier. Members and senior officers are responsible for declaring any such interests in order to ensure that no special favour is shown to businesses run by family or friends.

- 10.17 The key principle of separation of duties will be observed, as far as is practicable within the staffing resources available, throughout the process of purchase ordering and payments for goods and services.
- 10.18 Responsibility for raising orders for goods and services and receiving those goods and services lies with those officers who are authorised to do so within the Council.
- 10.19 Responsibility for the authorisation for payment of invoices received from suppliers in respect of goods and services may only be undertaken by Town Clerk.
- 10.20 Responsibility for the actual payment of all invoices for goods, services and works provided to the Council and for recording and reconciling expenditure in the Council's financial management system lies with the Finance and Administration Assistant.
- 10.21 As a minimum, the duties of checking, paying and recording sums payable by the Council will be separated completely from the duties of ordering and receiving goods, and the certifying and authorising expenditure by authorised officers of the Council.

Purchase Orders

- 10.22 All requests for goods and services will be made using a purchase order, with the exception of the following payments:-
- Regular payments such as subscriptions and service agreements;
 - Payments made by direct debit or standing order;
 - Goods and services of an emergency nature;
 - Purchases made using a cheque requisition;
 - Purchases made using the Council credit card;
 - Services for which a formal contract has been prepared; and - Petty cash purchases.
- 10.23 In order to comply with the minimum expected level of internal control, the duties of placing the purchase order, receiving the goods or services and certifying the purchase order for payment following receipt of the goods and services, must be separated as far as possible.
- 10.24 All officers are responsible for ensuring value for money at all times. An officer issuing an official order must ensure, as far as reasonable and practicable, that the best available terms have been obtained in respect of each transaction.
- 10.25 Completed purchase orders must include enough detail using the description field on the order to enable proper checks to take place when the order is being

matched to the subsequent invoice prior to payment. If multiple orders are being placed, each individual item or set of items must be shown on a separate line.

- 10.26 Purchase orders must be coded to the appropriate account code and cost centre using the Council's Approved Code List thereby ensuring that the expenditure is charged against the correct budget.
- 10.27 Verbal orders must not be placed, except in emergency circumstances.
- 10.28 Officers receiving delivery of goods should examine them at the point of delivery, checking all items against the delivery note or original order, and then sign, whether this is manually or electronically, only for those items present. Signed delivery notes should be retained in order to enable the proper certification of purchase orders when the invoice is subsequently received.
- 10.29 When invoices are subsequently received for payment, the Finance and Administration Assistant will cross check the invoice back to the appropriate purchase order, check the invoice for reasonableness, arithmetical accuracy, coding and treatment of VAT before passing the invoice onto the relevant service area for authorisation.
- 10.30 In no circumstances should the same officer raise a purchase order, receive the goods and services, certify the order and authorise the invoice for payment.
- 10.31 Where possible only Town Clerk authorise invoices for payment.

Regular Payment Invoices

- 10.320 Regular payment invoices relate to those payments which are received on a regular basis e.g. once a year, quarterly or monthly. Examples include machine rentals, service agreements, and subscriptions.
- 10.27 Purchase orders are *not* required to be raised for regular payments.
- 10.28 Instead, regular payment invoices will be confirmed as regular payments by the Finance and Administration Assistant and checked for reasonableness, arithmetical accuracy, coding and VAT, before being passed onto the Town Clerk for authorisation.

Direct Debits and Standing Orders

- 10.29 A direct debit or standing order may also be set up to make a regular payment where this is cost effective or where this is required by the supplier as a condition of the sale. Examples include gas and electricity bills, fuel costs, business rates, loan repayments, bank charges and telephone bills.
- 10.30 Direct debit instructions must only be set up by an authorised officer.
- 10.31 Invoices received in respect of direct debits or standing orders will be checked by the Finance and Administration Assistant for reasonableness, arithmetical

accuracy, and VAT and coded before being passed onto the Town Clerk for authorisation.

- 10.32 Invoices should then be checked by the Town Clerk in relation to the price and coding, authorised for payment and passed back to the Finance and Administration Assistant for processing.

Cheque Requisitions

- 10.33 There may be some circumstances where a manual cheque is raised eg. where goods or services may be required on a one-off basis
- 10.34 In other cases, a supplier may not accept purchase orders or offer an invoicing facility and may therefore require a cheque to be provided or sent before releasing the goods or services.
- 10.35 Cheques are also used where 'cash' is required e.g. to top up a petty cash float.
- 10.36 Council donations are also paid by cheque requisition.
- 10.37 In such instances, rather than raising a purchase order, a 'cheque requisition form' can be completed and certified by an authorised officer, requesting that a cheque is raised and either sent direct to the supplier or payee.
- 10.38 The cheque requisition form requires the requesting officer to complete the name and address of the payee, the invoice number and invoice date if applicable, the account code and cost centre to which the expenditure is to be charged, a description of the goods and services being procured, the net and gross amount, and any VAT that is payable.

Council Credit Card

- 10.39 On occasions it may be required to use the Council's credit card for the purchase of goods or services.
- 10.40 Examples of occasions where the Council credit card would be used would be purchases made over the telephone or internet, train bookings or online purchases bookings, and emergency purchases where the supplier will not accept a purchase order.
- 10.41 The Council currently holds one credit card, all purchases required to be made using the credit card must be made via the Finance and Administration Assistant who will seek approval from the Town Clerk.
- 10.42 Credit card purchases are paid by direct debit. Invoices are received by the Administration Officer and checked for reasonableness and accuracy. The invoice is then passed to the Finance and Administration Assistant, who will code up all purchases to the appropriate budget.
- 10.43 Credit card invoices are then passed to the Town Clerk for authorisation and passed back to the Finance and Administration Assistant.

10.44 Personal credit or debit cards must not be used under any circumstances.

Petty Cash Floats

10.45 Petty cash floats allow officers to purchase small sundry or one-off items that may be required immediately to meet operational needs, without the need to raise a purchase order.

10.46 The petty cash floats is currently £200 and is held in the safe.

10.47 The general rules to be applied to petty cash are as follows:-

- (a) There is a petty cash float limit of £200;
- (b) Receipts must be retained for payments made from petty cash to substantiate the payment and VAT receipts should be requested for all purchases to which VAT applies.
- (c) Claims to reimburse petty cash floats must be made to the Finance and Administration Assistant as and when required.
- (d) In no circumstances should any income received be paid into the petty cash float.
- (e) Payments to reimburse Petty Cash Floats will be made by the Town Clerk and drawn against the Council's current bank account.
- (f) The Finance and Administration Assistant will keep records of all petty cash top ups;
- (g) Petty cash will be posted up and reconciled on a regular basis by the Finance and Administration Assistant.

Payment of Invoices by Cheque and BACs

10.48 The process of invoice payment and the subsequent accounting for expenditure relating to creditor payments on Rialtas Business Suite Financial Management System is the responsibility of the Finance and Administration Assistant.

10.49 Authorised invoices are filed on an 'invoices awaiting payment' file and will be paid via the weekly purchase ledger payment run.

10.50 The Finance and Administration Assistant will take all possible steps to settle all invoices which are in order and on which there is no dispute, within the supplier's payment terms.

10.51 Payments to creditors are made by cheque or BAC's transfer and the Council actively encourages suppliers to accept payment by BAC's transfer as this is a quicker and cheaper method of payment.

10.52 Only the two officers named on the Council's approved bank mandate are authorised to approve BAC's payments. These are currently the Town Clerk, and Finance and Administration Assistant.

- 10.53 Each week, before the creditors payment run is undertaken, the Town Clerk will be provided with a copy of the 'suggested payments list', for that week and copies of all of the invoices making up the suggested payment run.
- 10.54 The Town Clerk is responsible for undertaking a final check of the invoices due for payment, including querying any invoices or payments which look unusual, and then authorising the payment run to go ahead.
- 10.55 For cheque payments, the required number of cheques will be signed out of the stock of cheques held in the Finance safe. The cheques will then be signed by two authorised signatories.
- 10.56 For BAC's payments, the relevant payments that are due for payment will be 'imported' from the Rialtas Business Suite Financial Management System to the Natwest Internet Banking facility by the Finance and Administration Assistant and then authorised by the Town. A BAC's list is also produced and signed by the Town Clerk.
- 10.57 Any changes to supplier records, and in particular bank details, must only be actioned following receipt of a formal notification from a supplier.

Checking, Recording and Reporting Payments for Goods and Services

- 10.58 All payments to creditors for goods and services will be recorded in the Council's Rialtas Business Suite Financial Management System and the creditor's account will be reconciled on a monthly basis.
- 10.59 All creditors' expenditure will also be checked and verified independently to supplier statements, and via the cash book and bank reconciliations.
- 10.60 Internal audit checks will also be regularly undertaken on the purchase order system and creditors' payments.
- 10.61 All invoices paid via the purchase ledger weekly payment run will be recorded, and reported and approved at the monthly Finance and General Purpose Committee.
- 10.62 Payments made by direct debit, credit card and cash book cheques will be recorded and also reported to each meeting of the Finance and General Purpose Committee.
- 10.63 In addition, under the requirements of the Local Government Transparency Code, the Council will also publish on its website all expenditure on a monthly basis.

11.0 Payment of Salaries and Wages and Members' Allowances

- 11.1 The Council must make payments of salaries, wages, and members' allowances in accordance with the statutory requirements placed on all employers by current PAYE and National Insurance legislation issued by HM Revenues and Customs,
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as well as all other relevant legislation such as pension regulations and statutory sickness, maternity and paternity pay rules.

- 11.2 All employee related payments will also need to be made in accordance with the National Joint Council for Local Government Services (NJC) National Agreement on Pay and Conditions of Service (otherwise known as 'the Green Book'), the requirements of the Northumberland County Pension Fund, the Council's approved staffing establishment, the terms and conditions set out in individual contracts of employment, and the approved Officers' Allowances Policy.
- 11.3 The Town Clerk is paid in accordance with the National Agreement on Pay and Conditions of Service for Clerks as recommended by the National Association of Councils (NALC) and Society for Local Council Clerks (SLCC).
- 11.4 The Town Clerk is responsible for ensuring that all relevant legislation, Council policies and other requirements relating to the payment of salaries and wages are complied with.
- 11.5 Changes to pay will be approved at the Council's Personnel Sub Committee.
- 11.6 Flexi system sheets are required to be completed for all staff. Overtime sheets need to be completed and must be certified for accuracy and completeness by the Town Clerk prior to payment.
- 11.7 Claims for car mileage and other expenses must be made on official claim form, supported by receipts or other evidence and duly authorised by the Town Clerk.
- 11.8 Employers' and employees' pension contributions in respect of staff who are members of the Local Government Pension Scheme will be calculated in accordance with relevant pension regulations, automatic enrolment requirements and the rules and requirements of the Northumberland County Pension Fund.
- 11.10 The payment of all salaries and wages to staff will be made by Northumberland County Council direct into staff bank accounts. Any amendments to the monthly payroll will be sent to Northumberland County Council by the Town Clerk, prior to payments being made.
- 11.11 Monthly payroll related payments made by BAC's to HM Revenues and Customs in respect of Income Tax and National Insurance Contributions, Northumberland County Council in respect of pension contributions, will also be checked and signed off by Northumberland County Council wages department prior to being paid.

12.0 Collection and Banking of Income

Responsibilities and Separation of Duties

- 12.1 The principle of separation of duties shall be observed in connection with collection and banking of income, as far as is practicable within the staffing

resources available. As a minimum, separation of duties must be observed in respect of the following areas:-

- (a) The duty of collection and preparation for banking of income, and the duty of checking, recording and reconciling that income;
- (b) The duty of requesting a sales invoice or calculating an amount due to the Council, and the process of raising a sales invoice and recording and reconciling the subsequent income.

12.2 The Town Clerk is ultimately responsible for the collection of all monies due to the Council, and overseeing that all invoices for work carried out, services rendered, or goods supplied by the Council.

12.3 The Finance and Administration Assistant is responsible for the following income collection procedures:-

The Administration Assistant is responsible for the following:-

- setting up customers on the computerised sales ledger;

The Finance and Administration Assistant is responsible for the following:-

- setting the payment terms;
- ensuring the correct VAT treatment;
- ensuring the correct coding;

The Deputy Clerk is responsible for the following:-

- raising the invoice;
- checking the calculation of the amount due or charge levied;
- sending out reminder letters; and - co-ordinating recovery action.

12.4 The Finance and General Purposes Committee will consider all fees and charges for goods provided and services rendered by the Council, annually, and make recommendations to the Council around the time that the Council Budget is set.

12.5 Outstanding debts will be reported to the Finance and General Purposes Committee as and when necessary. The Finance and Administration Assistant is responsible for the recovery of all outstanding debts. Any requests for the write off any irrecoverable debts will be reported to and approved by the Finance and General Purposes Committee.

Raising of Invoices, Monitoring of Debt and Recovery Action

12.6 All requests to raise an invoice for income due to the Council must be will be made via Rialtas Business Suite Financial System.

- 12.7 All invoices should be priced, using the Council's approved fees and charges schedule.
- 12.8 Invoices will be raised and sent out by the Finance and Administration Assistant as soon as possible and will show the following information:-
- Name and address of the Council;
 - Name and address of the customer;
 - Invoice date;
 - Description of the goods / services provided;
 - Invoice value including any VAT chargeable;
 - Payment terms; and
 - The Council's bank details.
- 12.9 There are currently four forms of payment available which are cash, cheque, visa/debit card and BACS, and the Council's bank details are stated on the invoice.
- 12.10 At the end of each month a debtors list is produced showing outstanding debtors and the age of the debt. A statement is then sent out for those debtors, which are outside of the 21 days payment terms, stating that the amount is overdue and needs paying as soon as possible.
- 12.11 Reminder letters will be sent with threat of further recovery action if outstanding debts are not paid, followed up with a telephone call to the debtor.
- 12.12 If the debt has not been cleared, a final notice will be sent informing the debtor that the debt may now be passed to a collection agency or small claims court for recovery. Any outstanding debt will result in the suspension of use of the facilities until the debt is paid, any future use will require payment in advance.
- 12.13 If the payment is still not forthcoming, a judgement will then be made by the Town Clerk, as to whether the debt should be referred for legal action. The materiality of the debt will need to be taken into account as taking legal action would incur solicitor and court costs which would need to be added to the debt.
- 12.14 If the debt is considered uncollectable or immaterial, it would be referred to the Council's Finance and General Purposes to consider write off.

Receipt of Cash and Cheques

- 12.15 All cash and cheques received at the Council Offices will be logged by the clerical assistant and then forwarded to the Finance and Administration Assistant.
- 12.16 Each cash or cheque payment will be receipted using an official Council receipt book. Any payment by visa/debit card will produce a receipt automatically.
- 12.17 Once receipted, all cash and cheque received will be held in a cash box in the safe prior to banking, usually on a weekly basis, by the Finance and Administration Assistant

12.18 All bankings are recorded via Rialtas Business Suite and reconciled to the Council's bank accounts on a weekly basis via the eRialtas Business Suite and NatWest online reconciliation.

Receipt of the Precept, Grants and Other Funding

12.19 The Finance and Administration Assistant is also responsible for ensuring that any grants and other funding provided by external bodies including the Precept from Northumberland County Council, are properly claimed, received promptly, checked for accuracy, properly recorded in the Council's Accounts, and only used for the purposes for which they were awarded.

13.0 Treasury Management

Overall Arrangements

13.1 The Council's treasury management activities are controlled by Schedule 1 of the Local Government Act 2003, in relation to Capital Finance for Parish and Community Councils.

13.2 The Council has in place a Treasury Management Policy which sets out its strategy and objectives, and how it will manage, control and report its treasury management activities.

13.3 Responsibility for the approval and monitoring of the Treasury Management Policy lies with the Finance and General Purpose Committee, while responsibility for implementing and administrating treasury management decisions lies with the Town Clerk, who will act in accordance with the Council's Code of Practice and the CIPFA Standard of Professional Practice on Treasury Management.

Loans

13.4 Responsibility for the approval of any new external borrowing and any rescheduling of existing borrowing lies with the Council and would be based on advice provided by the Town Clerk.

13.5 Any new loans will be negotiated on behalf of the Council by the Town Clerk. All borrowings will be taken out in the name of the Council. The Council's approved method of borrowing will be Public Sector Loans Board (PSLB) loans and all borrowing will be made up of fixed interest rate loans so as not to subject the Council to the risks associated with interest rate fluctuation.

13.6 The revenue costs of the Council's current outstanding borrowing will be regularly monitored and reviewed by the Town Clerk. Rescheduling or early repayment of debt will be considered only where it is financially advantageous for the Council to do so. A number of factors would need to be considered including balancing the savings that may be made in interest payable and annual repayment costs,

against the reduction in Council balances in order to repay the debt, and the premiums that might be payable in order to do so.

- 13.7 Borrowing for capital projects will only be considered where absolutely necessary i.e. where there is no other funding is available. Any future borrowing would be made in compliance with the Council's Treasury Management Code of Practice.
- 13.8 Proper records of loans will be maintained and regularly reconciled to actual repayments made and current balances outstanding.

Investments

- 13.9 Responsibility for the investment of surplus balances lies with the Town Clerk and is subject to the approval of Finance and General Purpose Committee. Any changes to the Council's investment arrangements would need to be reported to the Finance and General Purpose Committee and approved by the Council.
- 13.10 All investments of money under the control of the Council will be in the name of the Council. The Council's approved method of investment is high interest bank accounts, term deposits with banks and building societies, and the Public Sector Deposit Fund.
- 13.11 The Council's overriding priority will be the security of its investments, whilst maximising the interest receivable within the confines of this overall objective.
- 13.12 All investment certificates and other documents relating to investments shall be retained by the Town Clerk. Proper records of investments will be maintained and regularly reconciled to actual balances held.

14.0 Capital Programme Works and Contracts

- 14.1 The Council's detailed rules for all procurement relating to capital programme works are set out in section 10 of these Standing Orders..

15.0 Management of Consumable Stocks

- 15.1 The general officer is responsible for the care and custody of any consumable stocks.
- 15.2 Delivery notes should be retained where available in respect of all goods received into stocks, and all goods must be checked with regard to quantity and quality at the time delivery is made.
- 15.3 As a general rule, stocks should be maintained at the minimum levels consistent with operational requirements.

16.0 Management of Assets and Inventories

- 16.1 The Deputy Clerk will maintain a fixed asset register for all major assets, and equipment and updating records for all fixtures, fittings, machinery and equipment utilised across the Council, in accordance with internal audit requirements.
- 16.2 The Deputy Clerk, will be responsible for maintaining a schedule of estimated life and replacement costs for all material plant, vehicles, machinery and equipment in line with the requirements of the Asset Management Plan.

17.0 Asset Management of Land and Property

- 17.1 The Town Clerk, supported by the Deputy Clerk is responsible for ensuring that the Council's Asset Management Plan is maintained and updated.
- 17.2 The Asset Management Plan helps to ensure the strategic long-term management of the Council's land and buildings and other assets in order to optimise their utilisation in terms of service benefits and service return, and to identify long term maintenance and capital investment requirements.
- 17.3 The Town Clerk will also make appropriate arrangements for the custody of title deeds and Land Registry Certificates of properties and land owned by the Council and ensure that records are maintained recording the location, plans, land registry reference, purchase details, nature of the interest, tenancies, leases or licences granted, rents payable and the purpose for which held.
- 17.4 The Deputy Clerk will ensure that all land and properties owned by the Council, are included on the Council's Asset Register and that they are revalued as necessary for accounts and insurance purposes.
- 17.5 No land or property shall be purchased or otherwise acquired, or sold, leased or otherwise disposed of without the authority of the Council and all transactions involving land and property shall be reported to and subject to the approval of Finance and General Purpose Committee.

18.0 Insurance Arrangements

- 18.1 The Deputy Clerk is responsible for managing and arranging the Council's insurance cover and negotiating all claims with the Council's insurers in consultation with the Town Clerk.

18.2 As a minimum, the Council's insurance policy will cover the following areas:-

- Public liability cover of £15 million;
- Employers liability cover of £10 million;
- All risks property damage cover for all Council buildings, plant, machinery, contents, play equipment, computer equipment and street furniture;
- Theft cover for all contents, machinery, and office equipment;
- Business interruption cover for the community centres;
- Cover for all cash held in safes and cash in transit;
- Libel and slander cover;

- Legal expenses cover;
 - Hirers liability cover to £2 million;
 - Personal accident cover for Members and officers; and
 - Fidelity guarantee for Members and officers.
- 18.3 The Town Clerk, will notify the Deputy Clerk of all new or increased risks from that require a possible change to the Council's insurance arrangements.
- 18.4 The Deputy Clerk will keep a record of all insurance policies held by the Council, including full details of the property, plant, machinery and equipment and risks covered by the policies.
- 18.5 The Deputy Clerk will also maintain a comprehensive record of all insurance claims, covering both open and closed claims, and including copies of all correspondence and evidence relating to the claims.
- 18.6 The Council's insurance arrangements will be reviewed every year and considered by the Council. The Deputy Clerk will also meet periodically with the Council's insurers to discuss and review the Council's insurance arrangements.
- 18.7 The Deputy Clerk must be promptly notified of any accident, loss, liability, physical damage, or any other event likely to lead to an insurance claim. This is the responsibility of all officers and Members.
- 18.8 Officers must ensure that any potential insurance claims are evidenced as far as possible and may be required to assist or liaise with the Council's insurers in relation to any claims made. A crime reference number must be sought from the police for all claims involving criminal damage or other criminal activity.
- 18.9 All Members and officers of the Council will be covered by personal accident insurance during official duties and fidelity guarantee insurance will be put in place to protect the Council against employee or Member fraud and corruption.

19.0 Taxation

- 19.1 Northumberland County Council as a paid agent of the Council are responsible for advising Members and officers on all taxation issues affecting the Council, maintaining the Council's tax records, making all tax payments, receiving tax credits, submitting tax returns by their due date, and co-operating with any tax inspection visits.
- 19.2 The main taxation issues relevant to the Council are employee related taxes such as PAYE and National Insurance Contributions and VAT which are all payable to HM Customs and Revenues.

20.0 Update of the Financial Regulations

- 20.1 The Town Clerk is responsible for ensuring that the Financial Regulations are reviewed annually and updated where necessary, and that any changes are reported to and approved by the Council.

**Appendix 1 - Contracts and Procurement
Standing Orders Exemption Application Form**

Description of Procurement / Contract Activity	Responsible Officer	Procurement Amount £
Please provide a brief description of the procurement activity or the contract to be entered into.		
<p>Description of the Goods, Materials, Services or Works to be Procured: Please provide a detailed description of the goods, materials, services or works to be procured</p>		
<p>Name of Contractor / Supplier: Please provide details of the preferred contractor or supplier,</p>		
<p>Exemption Claimed: Please refer to Standing Order 10.10 and select an Exemption from the list.</p>		
<p>Reason for Application for Exemption: Please provide details of the reasons for the application for an Exemption from the Standing Orders.</p>		
<p>Date to be Reported to Committee: Please insert the date of the meeting of the appropriate spending committee to which application for the Exemption is to be requested.</p>		

Signature	Designation	Date
	Town Clerk	