



Penrith Town Council

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FINANCIAL REGULATIONS

1. General

- 1.1 These Financial Regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. Financial Regulations are one of the Council's governing policy documents providing procedural guidance for Councillors and officers. Financial Regulations must be observed in conjunction with the Council's Standing Orders.
- 1.2 Councillors are expected to follow these Regulations and not to entice employees to breach them. Failure to follow these Regulations brings the office of Councillor into disrepute.
- 1.3 Wilful breach of these Regulations by an employee may result in disciplinary proceedings.
- 1.4 In these Financial Regulations :

"Accounts and Audit Regulations " means the Regulations issued under Sections 32, 43(2) and 46 of the Local Audit and Accountability Act 2014, or any superseding legislation, and then in force, unless otherwise specified.

- a. "Authorise" refers to an online action, allowing an electronic transaction to take place.
- b. "Approve," or "ratify" refers to a decision by the Council, or a committee or an officer, to allow something to happen.
- c. "Proper practices" means those set out in The Practitioners' Guide Practitioners' Guide refers to the guide issued by the Joint Panel on Accountability and Governance (JPAG) and published by NALC in England or Governance and Accountability for Local Councils in Wales – A Practitioners Guide jointly published by One Voice Wales and the Society of Local Council Clerks in Wales.
- d. "Must" and bold text refer to a statutory obligation the Council cannot change.
- e. "Shall" refers to a non-statutory instruction by the Council to its Members and staff.

- 1.5 The Responsible Financial Officer (RFO) holds a statutory office, appointed by the Council who:
 - a. Acts under the policy direction of the Council.
 - b. Administers the Council's financial affairs in accordance with all Acts, Regulations , and proper practices.
 - c. Determines on behalf of the Council its accounting records and control systems.
 - d. Ensures the accounting control systems are observed.
 - e. Ensures the accounting records are kept up to date.
 - f. Seeks economy, efficiency, and effectiveness in the use of Council resources.
 - g. Produces financial management information as required by the Council.
- 1.6 **The Council must not delegate any decision regarding:**
 - a. **Setting the final budget or the precept (Council tax requirement).**
 - b. **The outcome of a review of the effectiveness of its internal controls.**
 - c. **Approving accounting statements.**
 - d. **Approving an annual governance statement.**
 - e. **Borrowing.**
 - f. **Declaring eligibility for the General Power of Competence.**
 - g. **Addressing recommendations from the internal or external auditors.**
- 1.7 In addition, the Council shall:
 - a. Determine and regularly review the bank mandate for all Council bank accounts.
 - b. Authorise any grant or single commitment in excess of £15,000.
2. **Risk management and internal control.**
 - 2.1 **The Council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.**
 - 2.2 The Services and Contracts Manager with the RFO shall prepare, for approval by the Council, a risk management policy covering all activities of the Council. This policy and consequential risk management arrangements shall be reviewed by the Council at least annually.
 - 2.3 When considering any new activity, the Clerk, and/or the Services and Contracts Manager with the RFO shall prepare a draft risk assessment including risk management proposals for consideration by the Council.
 - 2.4 **At least once a year, the Council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.**

2.5 The accounting control systems determined by the RFO must include measures to:

- a. Ensure that risk is appropriately managed.**
- b. Ensure the prompt, accurate recording of financial transactions.**
- c. Prevent and detect inaccuracy or fraud.**
- d. Allow the reconstitution of any lost records.**
- e. Identifying the duties of officers dealing with transactions.**
- f. Ensure division of responsibilities.**

These Financial Regulations demonstrate how the Council meets these responsibilities and requirements.

- 2.6 At least once in each quarter, and at each financial year end, a Member other than the Council Chair shall be appointed to verify bank reconciliations for all accounts produced by the RFO. The Member shall sign and date the reconciliations and the original bank statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to, and noted by the Finance Committee and ratified by Full Council. The approval of the reconciliations shall be recorded in the minutes of the meeting.
- 2.7 Regular back-up copies shall be made of the records on any Council computer and stored either online or in a separate location from the computer. The Council shall put measures in place to ensure that the ability to access any Council computer is not lost if an employee leaves or is incapacitated for any reason.

3. Accounts and audit

- 3.1 The Responsible Financial Officer (RFO) holds a statutory office and is appointed by the Council. All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations . The Council employs external payroll services who are responsible for the administration and processing payroll, pensions, and HMRC, providing information for associated payments for the Council.
- 3.2 **The accounting records determined by the RFO must be sufficient to explain the council's transactions and to disclose its financial position with reasonable accuracy at any time. In particular, they must contain:**
- a. Day-to-day entries of all sums of money received and expended by the Council and the matters to which they relate.**
 - b. A record of the assets and liabilities of the Council.**
- 3.3 The accounting records shall be designed to facilitate the efficient preparation of the accounting statements in the Annual Governance and Accountability Return.

- 3.4 The RFO shall complete and certify the annual Accounting Statements of the Council contained in the Annual Governance and Accountability Return in accordance with proper practices, as soon as practicable after the end of the financial year. Having certified the Accounting Statements, the RFO shall submit them (with any related documents) to the Council, within the timescales required by the Accounts and Audit Regulations .
- 3.5 **The Council must ensure that there is an adequate and effective system of internal audit of its accounting records and internal control system in accordance with proper practice.**
- 3.6 **Any officer or member of the Council must make available such documents and records as the internal or external auditor consider necessary for the purpose of the audit** and shall, as directed by the Council, supply the RFO, internal auditor, or external auditor with such information and explanation as the Council considers necessary.
- 3.7 The Internal Auditor shall be appointed by the Council and shall conduct their work to evaluate the effectiveness of the Council's risk management, control, and governance processes in accordance with proper practices specified in the Practitioners' Guide.
- 3.8 The Council shall ensure that the Internal Auditor:
- a. Is competent and independent of the financial operations of the Council.
 - b. Reports to Council in writing, or in person, on a regular basis with a minimum of one written report during each financial year.
 - c. Can demonstrate competence, objectivity, and independence, free from any actual or perceived conflicts of interest, including those arising from family relationships.
 - d. Is not involved in the management or control of the Council.
- 3.9 Internal or external auditors may not under any circumstances:
- a. Perform any operational duties for the Council.
 - b. Initiate or approve accounting transactions.
 - c. Provide financial, legal, or other advice including in relation to any future transactions.
 - d. Direct the activities of any Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 3.10 For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as described in The Practitioners Guide.

- 3.11 The RFO shall plan for the exercise of electors' rights in relation to the accounts, including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and documents required by the Local Audit and Accountability Act 2014, or any superseding legislation, and the Accounts and Audit Regulations .
- 3.12 The RFO shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

4. Budget and precept

- 4.1 Before setting a precept, the Council shall calculate its Council Tax requirement for each financial year by preparing and approving a budget, in accordance with The Local Government Finance Act 1992 or succeeding legislation.
- 4.2 Budgets for salaries and wages, including employer contributions shall be reviewed by the Council at least annually for the following financial year and the final version shall be evidenced by a hard copy schedule signed the Chair of the Council. The RFO will inform committees of any salary implications before they consider their draft their budgets.
- 4.3 No later than December each year, the RFO shall prepare a draft budget with detailed estimates of all receipts and payments/income and expenditure for the following financial year along with a forecast for the following four financial years, taking account of the lifespan of assets and cost implications of repair or replacement.
- 4.4 Unspent budgets for completed projects shall not be carried forward to a subsequent year. Unspent funds for partially completed projects may only be carried forward (by placing them in an earmarked reserve) with the formal approval of the Town Clerk. Transfers to and from earmarked reserves shall be approved by Council in accordance with its Reserves Policy.
- 4.5 Each Committee shall review its medium-term financial forecast of income and expenditure. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the Council not later than the end of December each year, including any proposals for revising the forecast.
- 4.6 The draft budget with any committee proposals and three-year forecast, including any recommendations for the use or accumulation of reserves, shall be considered by the Finance Committee and a recommendation made to Full Council. The Council shall consider annual budget proposals in the context of the Council's medium-term financial forecast, including recommendations for the use of reserves and sources of funding, and update the forecast accordingly.
- 4.7 Having considered the proposed budget and three-year forecast, the Council shall determine its Council tax budget requirement by setting a budget. The Council shall set a precept for this amount no later than the end of December for the ensuing financial year.

- 4.8 **Any member with Council tax unpaid for more than two months is prohibited from voting on the budget or precept by Section 106 of the Local Government Finance Act 1992 and must and must disclose at the start of the meeting that Section 106 applies to them.**
- 4.9 The RFO shall issue the precept to the billing authority no later than the end of December and supply each member with a copy of the agreed annual budget.
- 4.10 The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned. As part of the budget process, the Council shall approve a Reserves Policy which sets out the purpose and financial limits for each of its financial reserves.
- 4.11 Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the Council.
- 4.12 In setting the budget, the Council shall have regard to the opinion of the RFO concerning the robustness of estimates and the adequacy of reserves.
- 4.13 The approved annual budget shall form the basis of financial control for the ensuing year, subject to any amendments authorised by Council.

5. Procurement

- 5.1 **Members and officers are responsible for obtaining value for money at all times.** Any officer procuring goods, services or works should ensure, as far as practicable, that the best available terms are obtained, usually by obtaining prices from several suppliers.
- 5.2 The RFO should verify the lawful nature of any proposed purchase before it is made and in the case of new or infrequent purchases, should ensure that the legal power being used is reported to the meeting at which the order is authorised and also recorded in the minutes.
- 5.3 Every contract shall comply with these the Council's Standing Orders and these Financial Regulations , and no exceptions shall be made, except in an emergency.
- 5.4 **For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Public Contracts Regulations 2015 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award, and notification of that contract.**

- 5.5 Where the estimated value is below the Government threshold, the Council shall (with the exception of items listed in paragraph 5.12) obtain prices as follows:
- a. For contracts estimated to exceed £15,001 including VAT, the Clerk shall seek formal tenders from at least three suppliers agreed by the Council OR advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation. Tenders shall be invited in accordance with the Councils Procurement Policy.
 - b. For contracts estimated to be over £30,000 including VAT, the Council must comply with any requirements of the Legislation regarding the advertising of contract opportunities and the publication of notices about the award of contracts.
 - c. For contracts greater than £3,000 excluding VAT officers shall seek at least three fixed-price quotes.
 - d. Where the value is between £500 and £3,000 excluding VAT, officers shall try to obtain three estimates or quotes which might include evidence of online prices, or recent prices from regular suppliers.
 - e. For smaller purchases, officers shall seek to achieve value for money.
 - f. Any renewal of a contract, purchase or service in excess of £1,000 should have a formal Single Source Justification form completed and signed by the Town Clerk.
- 5.6 **Contracts must not be split into smaller lots to avoid compliance with these rules.**
- 5.7 The requirement to obtain competitive prices in these Regulations need not apply to contracts that relate to items (a) to (d) below:
- a. Specialist services, such as legal professionals acting in disputes.
 - b. Repairs to, or parts for, existing machinery or equipment.
 - c. Works, goods, or services that constitute an extension of an existing contract.
 - d. Goods or services that are only available from one supplier or are sold at a fixed price.
- 5.8 When applications are made to waive this Financial Regulation to enable a price to be negotiated without competition, the reason should be set out in a recommendation to the Council or relevant committee. Avoidance of competition is not a valid reason.
- 5.9 The Council shall not be obliged to accept the lowest or any tender, quote, or estimate.
- 5.10 Individual purchases within an agreed budget for that type of expenditure are appended at A: Scheme of Delegation - Responsibility for Spending & Signatories and Budget Holders.
- 5.11 No individual member, or informal group of members may issue an official order unless instructed to do so in advance by a resolution of the Council or make any contract on behalf of the Council

- 5.12 No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of the Council or a duly delegated committee acting within its terms of reference except in an emergency. Any report or proposal to a Committee or Council that would result in expenditure exceeding the appropriate budget shall not be considered until it has been reviewed by the RFO and their comments considered in making the decision on the proposal.
- 5.13 In cases of serious risk to the delivery of Council services or to public safety on Council premises, the Clerk may authorise expenditure of up to £25,000 excluding VAT on repair, replacement, or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. The Town Clerk may authorise revenue expenditure on behalf of the Council which, in the Clerk's judgement, is strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with. For the purposes of this paragraph, the circumstances invoked to justify extreme urgency must not in any event be attributable to the Council. The Clerk shall report such action to the Chair as soon as possible and to the Council as soon as practicable thereafter. The Town Clerk shall record such expenditure within the payments schedule and, where there is no budgetary provision for the expenditure, report the expenditure and its purpose in writing to the Council as soon as practicable thereafter.
- 5.14 No expenditure shall be authorised, no contract entered into, or tender accepted in relation to any major project, unless the Council is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first.
- 5.15 A Purchase Order shall be issued for all work, goods, and services above £1000 excluding VAT unless a formal contract is to be prepared, or an official order would be inappropriate. Copies of orders shall be retained, along with evidence of receipt of goods.
- 5.16 During the budget year, the RFO, having considered fully the implications, a supplementary estimate may be allocated from any unspent and available budgets which may be transferred to other budget headings ('virement'); however, no virement shall be permitted from salaries budgets. All proposed budget virements to or from reserves will be reported to Finance Committee for approval and ratified by Full Council.
- 5.17 Any ordering system can be misused and access to them shall be controlled by the Services and Contracts Manager.
- 5.18 The RFO shall regularly provide the Council and Committees with a statement of expenditure and income for the financial year to date against each head of the budget, comparing actual expenditure to the appropriate date against the expected proportion of the budget. Statements are to be prepared at least quarterly and shall show explanations of material variances from budget.

6. Banking and payments

- 6.1 The Council's banking arrangements, including the bank mandate, shall be made by the RFO, and approved by the Council. Banking arrangements may not be delegated to a committee. The arrangements shall be regularly reviewed for security and efficiency.
- 6.2 Council will make safe and efficient arrangements for the making of its payments. The Council Officers shall have delegated authority to process electronic payments in respect of all authorised items of expenditure as and when, and on a timely basis, to ensure that all invoices are paid in accordance with terms as far as is practicable. Wherever possible, more than one person should be involved in any payment, for example by dual online authorisation/dual control or dual payment checking. Even where a purchase has been authorised, the payment must also be authorised, and only authorised payments shall be approved or signed to allow the funds to leave the council's bank.
- 6.3 All invoices for payment shall be examined, verified, and certified for arithmetical accuracy by the relevant budget holder in accordance with the Scheme of Delegation of Financial Responsibility to Spending Officers, or the RFO as appropriate, and to confirm that the work, goods or services to which each invoice relates has been received.
- 6.4 Personal payments (including salaries, wages, expenses, and any payment made in relation to the termination of employment) may be summarised to avoid disclosing any personal information.
- 6.5 All payments shall be made by online banking/cheque, in accordance with a resolution of the Council or duly delegated committee or a delegated decision by an officer, unless the Council resolves to use a different payment method.
- 6.6 Invoices shall be posted to the appropriate expenditure heading in the general ledger following approval by the RFO or Town Clerk. The RFO shall present a summary schedule of payments, which have been verified by two councillors prior to payments being made, forming part of the agenda for the meeting of the Finance Committee. The committee shall review the schedule for card payments and direct debit and standing order payments for compliance. The approved schedules shall be initialled immediately below the last item by the person chairing the meeting. A detailed list of all payments is published on the Councils website.
- 6.7 For each financial year the RFO may draw up a schedule of regular payments due in relation to a continuing contract or obligation (such as Salaries, PAYE, National Insurance, pension contributions, rent, rates, regular maintenance contracts and similar items), which the Council or a duly delegated committee may authorise in advance for the year. Direct debits and Standing Orders are reviewed at each meeting of the Finance Committee.

- 6.8 The RFO, Services and Contracts Manager, Community Services Officer and Town Clerk shall:
- a. Have delegated authority to process all payments in respect of all authorised items of expenditure as and when, and on a timely basis, to ensure that all invoices are paid in accordance with terms as far as is practicable.
 - b. In exceptional circumstances where payment is required by cheque, these shall be signed by two approved signatories these being the RFO, Services and Contracts Manager, Community Services Officer, two named councillors and the Town Clerk.
 - c. Any transfer of monies between bank accounts shall be made by any combination of two officers of the Council: the RFO, Services and Contracts Manager, the Town Clerk, the Services and Contracts Officer.

7. Electronic payments

- 7.1 For HSBC internet business banking the Town Clerk shall be appointed as the Primary User. The bank mandate agreed by the Council shall identify three officers who will be Secondary Users. Any of the four officers will have authority to upload and confirm payments on the account. A minimum of two people will be involved in any online payment process. All Secondary Users have access to view the council's bank accounts online.
- 7.2 The online users are also the account signatories along with two Members of the Finance Committee. As signatories the Councillors do not have online access to view the account. Councillors are provided with a copy of the transactions made from the HSBC after the payments are made and/or can view the online bank account with a Secondary User by appointment.
- 7.3 HSBC Users are required to use the HSBC app that provides security codes. No employee or Councillor shall disclose any PIN or password, relevant to the Council or its banking, to anyone not authorised in writing by the Council or a duly delegated committee.
- 7.4 The Secondary User shall set up all items due for payment online. A list of authorised payments authored by the Services and Contracts Manager and verified by the RFO, together with copies of the relevant invoices, shall be sent by email to the two Members of the Finance Committee.
- 7.5 In the prolonged absence of the Primary User, the Secondary Users will arrange business continuity to ensure payments paid on time.
- 7.6 Two members of the Finance Committee will verify payment details against the invoices before the payments are made by the Secondary Users.

- 7.7 Evidence shall be retained showing which Members reviewed the payments and a printout of the transaction confirming that the payments had been made shall be appended to the payment schedule for audit purposes.
- 7.8 A full list of all payments made in a month shall be provided to the next Finance Committee meeting and appended to the minutes.
- 7.9 With the approval of the Finance Committee in each case, regular payments (such as rent, Non-Domestic Rates, pension contributions, and HMRC payments) may be made by variable direct debit, provided that the instructions are signed/approved online by two authorised signatories. The approval of the use of each variable direct debit shall be reviewed by the Finance Committee at least every two years.
- 7.10 Payment may be made by BACS or CHAPS by resolution of the Council provided that each payment is approved by two authorised bank signatories, evidence is retained, and any payments are reported to the Finance Committee at the next meeting. The approval of the use of BACS or CHAPS shall be renewed by resolution of the Council as required.
- 7.11 Regular payments of fixed sums may be made by banker's standing order, provided that the instructions are signed by two authorised signatories' evidence of this is retained and any payments are reported to Council when made. The approval of the use of a banker's standing order shall be reviewed by the Finance Committee at least every two years.
- 7.12 Account details for suppliers may only be changed upon written notification by the supplier verified by the Clerk and the RFO. This is a potential area for fraud and the individuals involved should ensure that any change is genuine. Data held should be checked with suppliers every two years.
- 7.13 Members and officers shall ensure that any computer or mobile phone used for the Council's financial business has adequate security, with anti-virus, anti-spyware and firewall software installed and regularly updated.

8. Cheque payments

- 8.1 Cheques for payment made in accordance with a resolution or delegated decision shall be signed by two signatories.
- 8.2 A signatory having a family or business relationship with the beneficiary of a payment shall not, under normal circumstances, be a signatory to that payment.
- 8.3 To indicate agreement of the details on the cheque with the counterfoil and the invoice or similar documentation, the signatories shall also initial the cheque counterfoil and invoice.

- 8.4 Cheques shall not normally be presented for signature other than at, or immediately before or after a Council or committee meeting. Any signatures obtained away from Council meetings shall be reported to the Finance Committee at the next convenient meeting.

9. Payment cards

- 9.1 Any Debit Card issued for use will be specifically restricted to the Councils senior officers and will also be restricted to an agreed single transaction maximum value of £250.
- 9.2 A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the Council. Transactions and purchases made will be reported to the Council and authority for topping-up shall be at the discretion of the Council.
- 9.3 Any corporate credit card or trade card account opened by the Council will be specifically restricted to use by the Councils senior officers and any balance shall be paid in full each month.
- 9.4 Personal credit or debit cards of members or staff shall not be used except for expenses of up to £250 including VAT, incurred in accordance with Council policy.
- 9.5 The use of payment cards is appended to this policy at B.

10. Petty Cash

- 10.1 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash, for example for postage or minor stationery items shall be refunded on a regular basis, at least quarterly.

11. Payment of salaries and allowances

- 11.1 **As an employer, the Council must plan to comply with the statutory requirements of PAYE legislation.**
- 11.2 **Councillors' allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.**
- 11.3 Under section 112 of the Local Government Act 1972, the Council has the "power to appoint officers on such reasonable terms and conditions as authority thinks fit".
- 11.4 In determining the pay and remuneration of all of its employees, the Council will comply with legislation such as, but not exclusively, the:
- Equality Act 2010.
 - Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000.
 - Transfer of Undertakings (Protection of Employment) Regulations .

- 11.5 The Council aims to pay the Real Living Wage as a minimum.
- 11.6 The Council adheres to the national pay bargaining for local government employees, and staff pay is determined by the National Joint Council (NJC) for Local Government Services and national pay awards are effective from 1 April each year (NJC Green Book) which are agreed by national negotiation between the employers and the trade unions.
- 11.7 Following the annual National Joint Council's pay agreement the Council's Finance Committee will consider the change to staff hourly pay rates. This is not a review of pay scale point or grade. The agreement is a national recommendation that should be applied, and the matter is progressed forward to Full Council for ratification.
- 11.8 No changes shall be made to any employee's gross pay, emoluments, or terms and conditions of employment without the prior consent of the Council or Finance Committee.
- 11.9 Pay grades are determined in line with the job description of the post. In determining its pay and grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to be able to recruit and retain employees who are able to meet the requirements of providing high quality services to the community.
- 11.10 New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate, and to recognise continuous service. From time to time, it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills, and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.
- 11.11 Council is responsible for recruiting and agreeing the terms of the Town Clerk position. The Finance Committee are responsible for decision making in relation to the recruitment, terms, and conditions in relation to all other employees of the Council. The Scheme of Delegation sets out the various delegations.
- 11.12 Employees can progress to the salary range maximum of their grade subject to satisfactory work performance or completing sector specific qualifications.
- 11.13 Subject to qualifying conditions, all employees have a right to join the Local Government Pension Scheme. In addition, the Council operates pensions 'Auto Enrolment' as required by the Pensions Act 2008
- 11.14 All salaries shall be calculated in accordance with payroll records and the rules of PAYE and National Insurance currently operating.

- 11.15 Payment of salaries shall be made, after deduction of tax, national insurance, pension contributions and any similar statutory or discretionary deductions, on the dates stipulated in employment contracts provided that each payment is reported to the next available Finance Committee meeting.
- 11.16 Deductions from salary shall be paid to the relevant bodies within the required timescales, provided that each payment is reported, as set out in these Regulations above.
- 11.17 Each payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a confidential record, with the total of such payments each calendar month reported in the cashbook. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- a. By any Councillor who can demonstrate a need to know.
 - b. By the internal auditor.
 - c. By the external auditor or
 - d. By any person authorised under the Local Audit and Accountability Act 2014 or any superseding legislation.
- 11.18 The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these Financial Regulations , to ensure that only payments due for the period have been paid.
- 11.19 The Council's payroll service shall, on instructions from the RFO, calculate, and provide records for all salaries and related costs for Council Officers. The payroll service shall deal with all relevant correspondence and complete all required forms relating to the Council's payroll and pensions. Payroll reports will be reviewed by the Finance Committee to ensure that the correct payments have been made.
- 11.20 Any termination payments shall be supported by a report to the Council, setting out a clear business case. Termination payments shall only be authorised by the full Council.
- 11.21 Before employing interim staff, the Council must consider a full business case.

12. Loans and investments

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

13. Income

- 13.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 13.2 The Council will review all fees and charges at least annually. Fees and charges to be made for work done, services rendered, or goods supplied shall be reviewed and agreed annually by Full Council, following a report by the Services and Contracts Manager. Charges shall be notified to the RFO and the RFO shall be responsible for the collection of accounts due to the Council.
- 13.3 Any sums found to be irrecoverable, and any bad debts shall be reported to the Council by the RFO and shall be written off in the year. The Council's approval shall be shown in the accounting records.
- 13.4 All sums received on behalf of the Council shall be deposited intact with the Council's bankers, with such frequency as the RFO considers necessary. The origin of each receipt shall clearly be recorded on the paying-in slip or other record.
- 13.5 Personal cheques shall not be cashed out of money held on behalf of the Council.

- 13.6 The RFO shall ensure that VAT is correctly recorded in the Council's accounting software promptly and complete any claim for the refund of VAT that is required. Such repayment claims, due in accordance with VAT Act 1994 section 33, shall be made at least quarterly, including the financial year end.
- 13.7 Particulars of all charges to be made for work done, services rendered, or goods supplied shall be agreed annually by the Council, notified to the RFO, who shall be responsible for the collection of all accounts due to the Council.
- 13.8 The Council shall not accept the receipt of sums of cash more than £250, nor smaller amounts which have been disaggregated to avoid this limit.

14. Payments under contracts for building or other construction works.

- 14.1 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments, which shall be made within the time specified in the contract based on signed certificates from the architect or other consultant engaged to supervise the works.
- 14.2 Any variation of addition to or omission from a contract must be authorised by the Clerk or Services and Contracts Manager to the contractor in writing, with the Council being informed where the final cost is likely to exceed the contract sum by 5% or more, or likely to exceed the budget available.
- 14.3 Payments on account of the contract sum 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 the retention of any percentage withheld as may be agreed in the particular contract).

15. Stores and equipment

- 15.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment appropriate to their section.
- 15.2 Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 15.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 15.4 The Services and Contracts Manager shall be responsible for periodic checks of stocks and stores at least annually.

16. Assets, properties, and estates

- 16.1 The Council's solicitor shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council.
- 16.2 The Council's solicitor and RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date of all properties held by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations .
- 16.3 The continued existence of tangible assets shown in the Register shall be verified at least annually, in conjunction with a health and safety inspection of assets.
- 16.4 No real property (interests in land) shall be purchased or acquired without the authority of the full Council. In each case a Report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate where required by law).
- 16.5 No tangible moveable property shall be purchased or otherwise acquired, sold, leased, or otherwise disposed of, without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £25,000.

17. Insurance

- 17.1 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered, reviewing these annually before the renewal date in conjunction with the Council's review of risk management. The Town Clerk/Services & Contracts Manager/RFO shall ensure that all assets for which they are responsible are protected against loss or damaged, maintained appropriately and subject to periodic safety inspections.
- 17.2 The Clerk and officers shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 17.3 The RFO shall be notified of any loss, liability, damage, or event likely to lead to a claim, and shall report these to the Council at the next available meeting. The RFO/Services and Contracts Manager shall negotiate all claims on the Council's insurers in consultation with the Clerk.

17.4 All appropriate members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the Council, following advice from the RFO.

18. Suspension and revision of Financial Regulations

- 18.1 The Council shall review these Financial Regulations annually and following any change of clerk or RFO. The Clerk and RFO shall monitor changes in legislation or proper practices and advise the Council of any need to amend these Financial Regulations .
- 18.2 The Council may, by resolution duly notified prior to the relevant meeting of Council, suspend any part of these Financial Regulations , provided that reasons for the suspension are recorded and that an assessment of the risks arising has been presented to all members. Suspension does not disapply any legislation or permit the Council to act unlawfully.
- 18.3 The Council may temporarily amend these Financial Regulations by a duly notified resolution, to cope with periods of absence, local government reorganisation, national restrictions, or other exceptional circumstances.

Appendices:

- A. Scheme of Delegation – Authority to spend and signatories
- B. Budget Holders
- C. Debit and Credit Card Policy

Adopted: 2015

Version Control Table

Title	Financial Regulations V1.052015			
Description	Governance Policy – requires annual review			
Created By	Town Clerk			
Date Created	May 2015			
Maintained By	Town Clerk/Legal/RFO/SCM			
Version Number	Modified By	Modifications Made	Date Modified	Status
V1	T/C, RFO & SCM	Changes to banking operations and electronic payments	25/11/25	Live



Penrith Town Council

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APPENDIX A

Scheme of Delegation of Financial Responsibility for Spending & Signatories/Secondary Users

This Council delegates spending responsibilities to certain officers, and with certain limits. This list has recently been reviewed and is as follows:

Officer	Limit
Town Clerk Signatory/SU/Card holder	Any expenditure that is within the budgets approved by Full Council
Responsible Finance Officer Signatory/SU	Any expenditure that is within the budgets approved by Full Council
Services & Contracts Manager Signatory/SU/card holder	Any expenditure that is within the budgets approved by Full Council
Solicitor	Any expenditure that is within the budgets approved by Full Council
Deputy Town Clerk Card holder	Any expenditure that is within the budgets approved by Full Council
Community Services Officer Signatory/SU/Card holder	Any expenditure that is within the budgets approved by Full Council
Economic Development Officer	Any expenditure that is within the budgets approved by Full Council
Events Officer	Any expenditure that is within the budgets approved by Full Council

Where an authorisation would result in an individual budget being overspent then the necessary virement should be approved and actioned before authorisation takes place by the RFO and Town Clerk.

1. It is an expressed requirement of this Protocol that all Officers abide by the following:
 - a) Standing Orders
 - b) Financial Regulations .
 - c) Procurement Strategy particularly in respect of the threshold figures for seeking quotations.
 - d) Any expenditure must be authorised from an approved budget.
 - e) Any leasing of equipment can only be entered into with the specific approval of the Responsible Financial Officer or the Town Clerk.
2. Any breach of any aspect of this Protocol will lead to action under the Disciplinary Procedure.



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APPENDIX B

Budget Holders

ASSETS SERVICES	Services & Contracts Manager
FINANCE COMMITTEE <ul style="list-style-type: none"> • Legal matters 	Town Clerk Solicitor
PLANNING COMMITTEE <ul style="list-style-type: none"> • Regeneration 	Deputy Town Clerk Economic Development Officer
COMMUNITIES COMMITTEE: <ul style="list-style-type: none"> • Town Project • Climate Change • Corporate Communications • Grants • Town Projects 	Community Services Officer
<ul style="list-style-type: none"> • Arts, Culture & leisure 	Events Officer



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APPENDIX C

Debit And Credit Card Policy

Wherever possible an order should be made and paid for with an invoice. However, it is recognised that this may not always be the most efficient option in relation to low value spend and so, the use of debit and cards is permitted but must only be used to acquire goods and services for approved Council business.

This policy is intended to provide detailed guidance and assistance in obtaining and using Penrith Town Council debit and credit cards and describes the responsibilities and restrictions which cardholders must accept before being provided with any such card.

Any attempt by the cardholder to make changes to the Council's terms and conditions of the card or the associated bank account will be treated as a disciplinary offence.

1. Obtaining Cards

- a) All cards are issued for the sole purpose of facilitating the conducting of Council business that cannot be paid for by invoice.
- b) Debit and credit cards must only be used by the authorised signatory named on the card and must not be used by any other person.

2. Use of Cards

- a) Cards can be used for on-line and point of sale transactions in accordance with this policy document, within the pre-defined limits of the accounts.
- b) A receipt must be obtained and provided, together with an expense sheet, to the Town Clerk.
- c) The cardholder must ensure that the correct amount is received at the point of receipt and register any discrepancies with the bank/store immediately, or the following working day if out of normal business hours.
- d) If any purchase contains any charges for VAT, a proper VAT receipt or invoice should be obtained.

- e) Transactions and supporting documents (such as receipts) must be kept for a period of six years plus the current financial year by the relevant department for audit and HMRC purposes.
- f) Payments made via debit card are limited to the cleared funds available in the pre-paid account.

3. Reconciliation and Inspection

- a) All debit card transactions will appear on the bank account's bank statement, the receipts/invoices obtained must be reconciled to the statement, monthly as a minimum.
- b) All credit card transactions will appear on the credit card account statement, the receipts/invoices obtained must be reconciled to the statement, on a monthly basis as a minimum.
- c) All receipts and the reconciliation schedule must be checked and authorised by the RFO, Services and Contracts Manager, and Town Clerk. A segregation of duties by a minimum of two persons must be maintained at all times.

4. Restrictions

- a) Debit and credit cards must not be used for any non-Council business or personal expenses.
- b) Only secure sites should be used to make purchases via the internet with a web address beginning HTTPS.
- c) The only person authorised to use the card is the cardholder. Card details are NOT to be retained by an online website.
- d) The cardholder shall not make any attempt to change the terms and conditions on which the card is held.
- e) The cardholder must not share any account details or passwords in respect of transactions with anyone else.

5. Security

- a) The card will only ever be used by the person named on the card.
- b) It is the personal responsibility of the card holder to ensure the card is kept secure at all times and cannot be accessed by any other persons. Reasonable steps should be taken to ensure the card details cannot be viewed or overheard by any other persons.
- c) Passwords or other details relating to the debit card or cardholder must not be written down.
- d) Debit cards details must not be stored where others may have access to them.
- e) It is recommended for security reasons that wherever possible transactions are processed by the cardholder being physically present at the point of sale.
- f) The card's Security PIN number must be kept secure and not disclosed to anyone else, under any circumstances.
- g) The bank must be notified immediately if the card is lost or stolen, or fraudulent use is suspected.

- h) The cardholder will surrender their card to the Town Clerk when the cardholder leaves the employment of the Council, or if circumstances change so that a card is no longer required. The card should then be destroyed by the Town Clerk and the provider notified.
- i) Staff will be held personally liable for any transactions processed through the card until the time when the card is physically surrendered.
- j) If the cardholder misuses the card or fraudulently uses the card or knowingly permits any other person to use the card, this will result in disciplinary action being taken against the cardholder.

Version Control Table Template

Title	Financial Regulations			
Description	Financial Governance Policy – requires annual review			
Created By	Town Clerk			
Date Created	May 2015			
Maintained By	Town Clerk/RFO/SCM			
Version Number	Modified By	Modifications Made	Date Modified	Status
V2.0052015	TC/RFO/SCM	Payments process and banking procedures	November 2025	Live