

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 three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders and any individual financial regulations relating to contracts.
- 1.2. The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
- 1.3. The council's accounting control systems must include measures:
 - 1.3.1. for the timely production of accounts;
 - 1.3.2. that provide for the safe and efficient safeguarding of public money;
 - 1.3.3. to prevent and detect inaccuracy and fraud; and
 - 1.3.4. identifying the duties of officers.
- 1.4. These financial regulations demonstrate how the council meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Governance Statement, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- 1.7. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of councillor into disrepute.
- 1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. [The Clerk has been appointed as RFO for this council and these regulations will apply accordingly.]
- 1.9. The RFO:
 - 1.9.1. acts under the policy direction of the council;
 - 1.9.2. administers the council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - 1.9.3. determines on behalf of the council its accounting records and accounting control systems;
 - 1.9.4. ensures the accounting control systems are observed;
 - 1.9.5. maintains the accounting records of the council up to date in accordance with proper practices;

- 1.9.6. assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
- 1.9.7. produces financial management information as required by the council.
- 1.10. The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the council from time to time comply with the Accounts and Audit Regulations.
- 1.11. The accounting records determined by the RFO shall in particular contain:
 - 1.11.1. entries from day to day of all sums of money received and expended by the council and the matters to which the income and expenditure or receipts and payments account relate;
 - 1.11.2. a record of the assets and liabilities of the council; and
 - 1.11.3. wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.12. The accounting control systems determined by the RFO shall include:
 - 1.12.1. procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
 - 1.12.2. procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
 - 1.12.3. identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
 - 1.12.4. procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and
 - 1.12.5. measures to ensure that risk is properly managed.
- 1.13. The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:
 - 1.13.1. setting the final budget or the precept (council tax requirement);
 - 1.13.2. approving accounting statements;
 - 1.13.3. approving an annual governance statement;
 - 1.13.4. borrowing;
 - 1.13.5. writing off bad debts;
 - 1.13.6. declaring eligibility for the General Power of Competence; and
 - 1.13.7. addressing recommendations in any report from the internal or external auditors, shall be a matter for the full council only.
- 1.14. In addition the council must:
 - 1.14.1. determine and keep under regular review the bank mandate for all council bank accounts;
 - 1.14.2. approve any grant or a single commitment in excess of £5,000; and

1.14.3. in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.

1.15. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

1.16. In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils - a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

2. Accounting & Audit (Internal & External)

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

2.2. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.

2.3. The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.

2.4. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.

2.5. The internal auditor shall:

2.5.1. be competent and independent of the financial operations of the council;

2.5.2. report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;

2.5.3. to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and

2.5.4. have no involvement in the financial decision making, management or control of the council.

2.6. Internal or external auditors may not under any circumstances:

2.6.1. perform any operational duties for the council;

2.6.2. initiate or approve accounting transactions; or

2.6.3. direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

2.7. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.

- 2.8. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.9. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

3. Annual Estimates (Budget) & Forward Planning

- 3.1. The RFO shall formulate and submit estimates to the Council in respect of revenue and costs for the following financial year not later than the end of October each year, including the use of reserves and all sources of funding in the form of a budget.
- 3.2. The Council shall review the estimates not later than the end of November each year and fix the Precept to be levied for the ensuing financial year. The RFO shall supply a copy of the approved estimates to the billing authority and each Councillor.
- 3.3. The annual budget shall form the basis of financial control for the ensuing year.
- 3.4. The Council shall prepare and have regard to a three year forecast of revenue and capital receipts and payments which shall be prepared at the same time as the annual budget.

4. Budgetary Control & Authority to Spend

- 4.1. Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget. The authority is to be determined by:
 - 4.1.1. the Council for all items over £500;
 - 4.1.2. the RFO, in conjunction with the Chairman of Council, for items below £500.Such authority is to be evidenced by a minute.
- 4.2. No expenditure may be authorised which will exceed the total amount provided in the revenue budget for that class of expenditure other than by resolution of the Council. During the budget year, and with approval of the Council, having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ("virement").
- 4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.4. Salary budgets are to be reviewed at least annually for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Chairman of Council.
- 4.5. In cases of extreme risk to the delivery of council services, the RFO may authorise revenue expenditure on behalf of the Council which in the RFO's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The RFO shall report such action to the Chairman as soon as possible and to the Council as soon as practicable thereafter.

- 4.6. No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available or the requisite borrowing approval has been obtained.
- 4.7. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 4.8. The RFO shall regularly provide the Council with a statement of receipts and payments to date under each heading, comparing actual expenditure against that planned.
- 4.9. The RFO shall supply to each Councillor at the ordinary meeting after the end of the financial year (31 March) a statement of the receipts and payments of the Council for the completed financial year. The Statement of Accounts of the Council (which is subject to external audit) shall be presented to the Council for formal approval before the end of the following month of September.

5. Reserves

- 5.1. Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. However, there is no specified minimum level of reserves that an authority should hold and it is the responsibility of the RFO to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.
- 5.2. The budget should include contingency provisions to provide protection against any unforeseen revenue commitments and a shortfall in anticipated income.
- 5.3. The level of financial reserves shall:
 - 5.3.1. Maintain a general fund of 50% of the agreed Precept to protect against unforeseen budget pressures and possible funding cuts.
 - 5.3.2. Set aside sufficient sums as general reserves to support any major unforeseen spending pressures.
 - 5.3.3. Even at times when extreme pressure is put on the Council's finances the Council must keep a minimum balance sufficient to pay one month's salaries to staff in general reserves at all times.
- 5.4. The Council will undertake an annual review of reserves as part of the budget setting process.

6. Banking Arrangements & Authorisation of Payments

- 6.1. The Council's banking arrangements, including the bank mandate, will be made by the RFO and approved by the Council. They will be regularly reviewed for safety and efficiency.
- 6.2. A resolution of the Council will nominate at least three members to be authorised by the Council to sign cheques.
- 6.3. The RFO shall prepare a schedule of payments requiring authorisation, forming part of the agenda for the meeting and, together with the relevant invoices, present the schedule to the Council. The Council shall review the schedule and authorise payments. A detailed list of all payments shall be disclosed within the minutes of the meeting at which the payment was

authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

- 6.4. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the Council.
- 6.5. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading.
- 6.6. The RFO shall have delegated authority to authorise the payment of items if a payment is necessary to avoid a charge of interest if the due date for payment is before the next scheduled meeting.
- 6.7. All payments shall be made by cheque or internet banking payment.
- 6.8. Cheques will be signed by two authorised Councillors.
- 6.9. Where internet banking arrangements are made with any bank the RFO shall be appointed as the Service Administrator. The arrangement will clearly state the amounts of payments that can be instructed by the use of the Service Administrator and will be signed by two authorised Councillors. The approval of the use of internet banking shall be renewed by resolution of the Council at least every two years.
- 6.10. Payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed by two authorised Councillors, retained, and any payments are reported to Council as made. The approval of the use of a banker's standing order shall be renewed by resolution of the council at least every two years.
- 6.11. Any utility bill may be paid by Direct Debit provided that the instructions are signed by two authorised Councillors and any payments reported to Council as made.
- 6.12. The council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk [or RFO] (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

7. Payment of Salaries

- 7.1. As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by council.
- 7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available council meeting, as set out in these regulations above.
- 7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the council.

- 7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
 - 7.4.1. by any councillor who can demonstrate a need to know;
 - 7.4.2. by the internal auditor;
 - 7.4.3. by the external auditor; or
 - 7.4.4. by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5. 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 actually been paid.
- 7.6. An effective system of personal performance management should be maintained.
- 7.7. Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.
- 7.8. Before employing interim staff the council must consider a full business case.

8. Loans & Investments

- 8.1. All loans and investments will be negotiated in the name of the Council and will be set for a period approved by the Council.
- 8.2. All borrowings will be in the name of the Council and will not be entered into until necessary approvals have been given. Any application will be approved by Council, especially the terms and purpose. These terms must be reviewed annually.
- 8.3. All investments of money under the control of the Council will be in the name of the Council and all certificates or other documents will be retained by the RFO.

9. Income

- 9.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 9.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the council.
- 9.3. The council will review all fees and charges at least annually, following a report of the Clerk.
- 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
- 9.5. All sums received on behalf of the council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the council's bankers with such frequency as the RFO considers necessary.

- 9.6. The origin of each receipt shall be entered on the paying-in slip.
- 9.7. Personal cheques shall not be cashed out of money held on behalf of the council.
- 9.8. The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 9.9. Where any significant sums of cash are regularly received by the council, the RFO shall take such steps as are agreed by the council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10. Orders for Work, Goods & Services

- 10.1. An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 10.2. Order books shall be controlled by the RFO.
- 10.3. All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 10.1.8. below.
- 10.4. A member may not issue an official order or make any contract on behalf of the council.
- 10.5. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

11. Contracts

- 11.1. Procedures as to contracts are laid down as follows:
 - 11.1.1. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items:
 - 11.1.1.1. for the supply of gas, electricity, water, sewerage and telephone services;
 - 11.1.1.2. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - 11.1.1.3. for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
 - 11.1.1.4. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council;

- 11.1.1.5. for additional audit work of the external auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of council); and
 - 11.1.1.6. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- 11.1.2. Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations¹.
- 11.1.3. The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)².
- 11.1.4. When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the council.
- 11.1.5. Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- 11.1.6. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of council.
- 11.1.7. Any invitation to tender issued under this regulation shall be subject to Standing Orders 12 and shall refer to the terms of the Bribery Act 2010.
- 11.1.8. When it is to enter into a contract for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph 10.1.1. the Clerk or RFO shall obtain two quotations for values between £500 and £2000; where the value is above £2000 the Clerk or RFO shall strive to obtain three quotations. Contracts exceeding £50,000 require additional safeguards and will follow Proper Practice. Otherwise, Regulation 9.3 above shall apply.
- 11.1.9. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 11.1.10. Should it occur that the council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

¹ The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

² Thresholds currently applicable are:

- a. For public supply and public service contracts 209,000 Euros (£164,176)
- b. For public works contracts 5,225,000 Euros (£4,104,394)

12. Assets, Properties & Estates

- 12.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the council. The RFO shall ensure a record is maintained of all properties held by the council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 12.2. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £250.
- 12.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law. In each case a report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 12.4. 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).
- 12.5. Subject only to the limit set in Regulation 11.2. no tangible moveable property shall be purchased or acquired without the authority of the full council. In each case a report in writing shall be provided to council with a full business case.
- 12.6. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

13. Insurance

- 13.1. Following the annual risk assessment the Council will review the level of insurance cover and ensure it is adequate and appropriate for the activities of the Council. Minimum cover will include Public Liability, Employers Liability, Money and Fidelity Guarantee.

14. Risk Management

- 14.1. The council is responsible for putting in place arrangements for the management of risk. Risk management policy statements will be prepared for all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed annually.
- 14.2. When considering any new activity, the Clerk [with the RFO] shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

15. Suspension & Revision of Financial Regulations

- 15.1. It shall be the duty of the council to review the Financial Regulations of the council from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the council of any requirement for a consequential amendment to these Financial Regulations.
- 15.2. The council may, by resolution of the council duly notified prior to the relevant meeting of council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of council.

These Financial Regulations were adopted by the Parish Council at a meeting of the Council held on:

24th October 2017
