



FINANCIAL REGULATIONS
Adopted by the council on 20th June 2018

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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. The financial regulations must be observed in conjunction with any standing orders or more specific policies approved by the council.
- 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:
 - for the timely production of accounts;
 - that provide for the safe and efficient safeguarding of public money;
 - to prevent and detect inaccuracy and fraud; and
 - identifying the duties of officers and members.
- 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 any council staff or member may give rise to disciplinary proceedings or termination of employment / membership.
- 1.7. The responsible financial officer (RFO) holds a statutory office to be appointed by the council.
- 1.8. The RFO:
 - acts under the policy direction of the council;
 - supervises and takes responsibility for the council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines on behalf of the council its accounting records and accounting control systems;
 - ensures the accounting control systems are observed;
 - oversees the maintenance of up to date accounting records of the council in accordance with proper practices;
 - assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
 - produces financial management information as required by the council.
- 1.9. 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.
- 1.10. The accounting records determined by the RFO shall in particular contain:
 - entries from day to day of all sums of money received and expended by the council and the matters to which the income and expenditure or receipts and payments account relate;
 - a record of the assets and liabilities of the council; and
 - wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.11. The accounting control systems determined by the RFO shall include:
 - procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible including

compliance with transparency regulations and completion in the required form and publication by 1st July each year an Annual Return Form;

- procedures to enable the prevention a Accounts and Audit Regulations nd detection of inaccuracies and fraud and the ability to reconstruct any lost records;
- identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
- procedures to ensure that uncollectable amounts, including any bad debts 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
- measures to ensure that risk is properly managed.

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

- setting the final budget or the precept (council tax requirement);
- approving accounting statements;
- approving an annual governance statement;
- borrowing;
- writing off bad debts;
- declaring eligibility for the General Power of Competence; and

Addressing recommendations in any report from the internal or external auditors shall be a matter for the full council only.

1.13. In addition the council must:

- determine and keep under regular review the bank mandate for all council bank accounts;
- approve any grant or a single commitment in excess of **£250**

1.14. On production of receipts or a claim form, councillors may claim reasonable expenses in relation to their work for the council. (examples are travelling costs outside the Parish, stationary and materials).

1.15. In the event of the RFO being incapacitated the council shall appoint another officer or member to act as RFO in the meantime.

1.16. 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.

1.17. 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 AND AUDIT (INTERNAL AND 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 ensure that the clerk produces an income and expenditure report, and bank reconciliations ahead of each council meeting, and that these are on the meeting agenda for approval. The RFO shall verify the bank reconciliations (for all accounts) before these are circulated with the meeting papers and will then present them for approval at the meeting.

2.3. 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.

- 2.4. The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.
- 2.5. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices. The internal auditor shall:
- be competent and independent of the financial operations of the council;
 - report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
 - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - have no involvement in the financial decision making, management or control of the council.
- 2.6. Internal or external auditors may not under any circumstances:
- perform any operational duties for the council;
 - initiate or approve accounting transactions; or
 - direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.7. 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) AND FORWARD PLANNING

- 3.1. The RFO must supervise each year, by no later than December, the preparation by the clerk of detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the council.
- 3.2. The council shall consider annual budget proposals in relation to the council's view of future revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.3. The council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall ensure that the precept is issued to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.4. The approved annual budget shall form the basis of financial control for the ensuing year.

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:
- the council for all items over £250;
 - any three members of the council for items of £50 - £250 that are within the agreed budget;
 - the clerk and RFO (together) for items below £50.

Such authority is to be evidenced by a minute or by authorisation emails from the required number of members above, and must be kept by the clerk. Contracts may not be disaggregated to avoid controls imposed by these regulations.

- 4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee. During the budget year and with the approval of 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. In cases of extreme risk to the delivery of council services, the clerk may authorise revenue expenditure on behalf of the council which in the clerk'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 clerk shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter.
- 4.5. No expenditure shall be authorised 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 and the requisite borrowing approval has been obtained.
- 4.6. All capital works shall be administered in accordance with the council's standing orders and any other regulations relating to contracts.
- 4.7. Changes in earmarked reserves shall be approved by council as part of the budgetary control process.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 5.1. 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. They shall be regularly reviewed for safety and efficiency.
- 5.2. The RFO shall supervise the preparation by the clerk of a schedule of payments requiring authorisation, forming part of the agenda for the meeting and, together with the relevant invoices, present the schedule to council. The council shall review the schedule for compliance and, having satisfied itself, shall authorise payment by a resolution of the council, which will be recorded in the minutes. This process may be completed by an exchange of emails between the relevant members of the council, which will be confirmed by resolution of the council at the next appropriate meeting. Personal payments (including expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.
- 5.3. All invoices for payment shall be examined, verified and certified by the clerk 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. The clerk shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO will satisfy him/herself that these procedures are being properly carried out before each council meeting.
- 5.4. The clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
- 5.5. The expenditure has been authorised as in 4.1 above and the amount is within 5% of the amount authorised;
- 5.6. If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled council meeting, where the clerk and RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate council meeting;

- 5.7. An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council [or finance committee]; or
- 5.8. fund transfers within the councils banking arrangements.
- 5.9. Members are subject to any code of conduct that has been adopted by the council and shall comply with the code and standing orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.
- 5.10. The council will aim to rotate the duties of members in these regulations so that onerous duties are shared out as evenly as possible.
- 5.11. Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a council member.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

- 6.1. The council will make safe and efficient arrangements for the making of its payments.
- 6.2. Following authorisation under financial regulation 5 above, the clerk or RFO shall give instruction that a payment shall be made by cheque, BACS or other instructions to the council's bankers. The clerk or RFO may only instruct the bank to make payments that have been authorised for payment as in para 5.4 above.
- 6.3. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years. If thought appropriate by the council, payments may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.4. Storage of any files with council financial information must be stored securely, with any PINs or passwords available in a sealed envelope kept by the chairman, in line with council standing orders.
- 6.5. No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council or a duly delegated committee.
- 6.6. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
- 6.7. The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used.
- 6.8. Where internet banking arrangements are made with any bank, the RFO – or the clerk under RFO supervision, shall be appointed as the service administrator. The bank mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts.
- 6.9. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. If passwords are stored on the computer, these must be stored in encrypted files in line with standing orders.
- 6.10. Debit and credit cards will not be issued for council bank accounts and 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. LOANS AND INVESTMENTS

- 7.1. The council will not borrow money and will keep all of its money in bank accounts approved by the council – it will not invest monies elsewhere without full authorisation of a change to these regulations.

8. INCOME

- 8.1. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed by the council and the collection of all sums due to the council shall be the responsibility of the clerk under the supervision of the RFO.
- 8.2. The council will review all fees and charges at least annually, following a report of the clerk. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
- 8.3. 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.
- 8.4. The origin of each receipt shall be entered on the paying-in slip.
- 8.5. Personal cheques shall not be cashed out of money held on behalf of the council.
- 8.6. 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.
- 8.7. 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.

9. ORDERS FOR WORK, GOODS AND SERVICES

- 9.1. 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 by the clerk under the supervision of the RFO.
- 9.2. All members and officers are responsible for obtaining value for money at all times. Anyone officer issuing an official order on behalf of the council 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 11.1 below.
- 9.3. A member may not issue an official order or make any contract on behalf of the council without minuted authority from the council.
- 9.4. 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.

10. CONTRACTS

- 10.1. Procedures as to contracts are laid down as follows:
 - a) 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:
 - for the supply of gas, electricity, water, sewerage and telephone services; internet, data storage and website hosting services
 - for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - 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;
 - for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council;

- 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
 - for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- b) 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.
 - c) 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.
 - d) 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.
 - e) 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.
 - f) 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.
 - g) Any invitation to tender issued under this regulation shall be subject to standing orders and shall refer to the terms of the Bribery Act 2010.
 - h) When it is to enter into a contract of less than £25,000 in value 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 (a) the clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is less than half of the annual precept and above £100 the clerk or RFO shall strive to obtain 3 estimates. Otherwise, the general purchasing regulations above shall apply.
 - i) The council shall not be obliged to accept the lowest or any tender, quote or estimate.
 - j) 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.

11. ASSETS, PROPERTIES AND ESTATES

11.1. 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

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)

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.

- 11.2. No property or other asset 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 does not exceed £50.
- 11.3. The RFO shall ensure that an appropriate and accurate register of assets 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.

12. INSURANCE

- 12.1. Following the annual risk assessment (see below), the RFO and clerk shall effect all insurances and negotiate all claims on the council's insurers.
- 12.2. The RFO shall make sure the clerk keeps a record of all insurances effected by the council and the property and risks covered thereby and shall annually review it.
- 12.3. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to council at the next available meeting.
- 12.4. 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.

13. RISK MANAGEMENT

- 13.1. The council is responsible for putting in place arrangements for the management of risk. The RFO and clerk shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
- 13.2. When considering any new activity, the clerk and RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

14. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 14.1. It shall be the duty of the council to review these financial regulations 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.
- 14.2. 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.

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