

## **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 Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of financial control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These Financial Regulations are designed to demonstrate how the Council meets these responsibilities. Financial regulations must be observed in conjunctions with the Council's standing orders.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the Council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the Council are maintained and kept up to date in accordance with proper practices.
- 1.3 The RFO shall produce financial management information as required by the Council.
- 1.4 At least once a year, prior to approving the annual return, the Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.5 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 then in force unless otherwise specified.
- 1.6 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 Panel on Accountability and Governance (JPAG), available from the websites of the NALC and the Society for Local Council Clerks (SLCC)

## **2. ANNUAL ESTIMATES (BUDGET AND RESERVES)**

- 2.1 Each Committee (if any) shall review its three-to-five year forecast of revenue, capital receipts and payments. Having regard to the forecast. It shall thereafter formulate and submit proposals to the Council in respect of revenue and capital including the use of reserves and sources of funding

for the following financial year not later than the end of November each year.

- 2.2 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year shall be prepared each year by the RFO in the form of a Budget to be considered by the Council.
- 2.3 The Council shall review the Budget not later than the end of January each year and shall set the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved Budget.
- 2.4 The annual Budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall consider the need for, and shall have regard to, a medium term three-to-five-year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual Budget.
- 2.6 The Council shall maintain adequate Reserves (General and Earmarked) to meet the needs of the Council, and this level must be appropriate to its size and situation and not be excessive.
- 2.7 **General reserves** are reserves operating as a working balance to help manage the impact of uneven cash flows as well as providing a contingency to cushion the impact of emerging or unforeseen events or genuine emergencies. **Earmarked reserves** are for known or predicted liabilities such as projects and property maintenance.
- 2.8 On an annual basis the Council must consider its Reserves Policy and take into account the level of Reserves needed for meeting future expenditure when calculating the Budget requirement.
- 2.9 The Council shall maintain a minimum level of General Reserves that is equivalent to 3 to 12 months of the Precept (the smaller the authority the closer the figure should be to 12 months).
- 2.10 No upper or lower limit is applied to Earmarked Reserves. However, they must be held for genuine and intended purposes and their level should be subject to regular review and justification (at least annually).

### 3 BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 3.1 Expenditure on revenue items may be incurred 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 £200
  - The Clerk, in conjunction with the Chairman for any item below £200
- 3.2 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. 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 reserves as appropriate.
- 3.3 The RFO shall at least quarterly provide the Council with a statement of receipts and payments to date under each head of the Budgets, comparing actual expenditure against that planned as shown in the Budget.
- 3.4 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair replacement of other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk shall report such action to the chairman as soon as possible and to the Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall be carried forward to the subsequent year by approval of the RFO.
- 3.6 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.
- 3.7 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 3.8 Changes in earmarked reserves shall be approved by the Council as part of the budgetary control process.

#### **4. ACCOUNTING AND AUDIT**

- 4.1 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.
- 4.2 The RFO shall complete the annual financial statements of the Council, including the Council's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.

- 4.3 The RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor) and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- 4.4 The RFO shall ensure that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- 4.5 The Internal Auditor shall be appointed by, and shall carry out the work required by the Council, in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing in respect of each financial year. In order to demonstrate objectivity and independence, the Internal Auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the Council.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by the Accounts and Audit Regulations.
- 4.7 The RFO shall, as soon as practicable, bring to the attention of all Councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

## **5. BANKING ARRANGEMENTS AND PAYMENTS**

- 5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency and appropriateness.
- 5.2 The Council needs to approve the list of Authorised Signatories signing for each account, and the level of authority for each Authorised Signatory.
- 5.3 A schedule of the payments prepared by the RFO will form part of the Agenda for each Parish Council Meeting, and be presented to the Council for approval. It shall be authorised by a resolution of the Council.
- 5.4 The Clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
- a. If a payment is necessary to avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of the Council, 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 meeting of the Council [or finance committee];

- b. 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 the Council [or finance committee]; or
- c. fund transfers within the Councils banking arrangements up to the sum of £20,000, provided that a list of such payments shall be submitted to the next appropriate meeting of the Council.

5.5 For each financial year, the RFO may draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively) Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which may authorise payment for the year provided that the requirements of regulation 3.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of the Council.

5.6 In respect of grants, a duly authorised committee shall approve expenditure within any limits set by Council and in accordance with any policy statement approved by Council. Any Revenue or Capital Grant in excess of £2,000 shall before payment, be subject to ratification by resolution of the Council.

5.7 Members are subject to the 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.

5.8 Cheques or orders for payment drawn on the bank account in accordance with the schedule referred to in paragraph 5.3 shall be signed by two members of Council. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question

5.9 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the Authorised Signatories shall each also initial both the cheque counterfoil and the invoice.

## **6 PAYMENT OF ACCOUNTS**

6.1 All payments shall be made by cheque, BACS, Direct Debit, Faster Payments or other orders drawn on the Council's bankers.

6.2 All invoices for payment shall be examined, verified and certified by the RFO. The RFO shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.

- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The RFO shall take all steps to settle all submitted invoices which are in order at the next available Council Meeting.
- 6.4 The Council will not maintain any form of cash float. Any cash that may be received must be banked intact. The Clerk or RFO shall make no payments in cash even for postage or minor stationery items.
- 6.5 Payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the Council agrees the instructions and any payments are reported to Council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Council at least every two years.

## **7 PAYMENT OF SALARIES**

- 7.1 The payment of salaries shall be made in accordance with the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by the Council.
- 7.2 No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council

## **8 INCOME**

- 8.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 8.2 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.
8. The Council will review all fees and charges annually, following a report of the RFO.
- 8.4 Any sums found to be irrecoverable, and any bad debts shall be reported to the Council and shall be written off in the year with the approval of the Councillors and for this approval to be disclosed in the accounting records.
- 8.5 All sums received on behalf of the Council shall be banked intact by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 8.6 The origin of each receipt shall be entered on the paying-in slip.
- 8.7 Personal cheques shall not be cashed out of money held on behalf of the Council.

- 8.8 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.
- 8.9 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.

## **9 ORDERS AND CONTRACTS FOR WORK, GOODS AND SERVICES**

- 9.1 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.
- 9.2 A member may not issue a purchase order or make any contract on behalf of the Council unless explicitly sanctioned to do so in writing by the RFO or Clerk.
- 9.3 The Council is responsible for obtaining value for money at all times. When orders or contracts for work, goods or services are made or negotiated, the Council shall ensure as far as is 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 the following provisions.
- 9.3 (a) Every order or contract shall comply with these Financial Regulations, except in an emergency and in the case of the exceptions listed in items (i) to (vi) below:
- (i) for the supply of gas, electricity, water, sewerage and telephone services;
  - (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
  - (iii) 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;
  - (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
  - (v) for additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk and

RFO shall act after consultation with the Chairman and Vice Chairman of the Council);

- (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price
  
- (b) When the Council is to enter into a contract greater than £3,000 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 Council, Clerk or RFO shall strive to obtain 3 formal quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £500 the Council, Clerk or RFO shall strive to obtain 3 estimates. For contracts greater than £10,000, three formal quotations are always required. Otherwise, Regulation 8.2 above shall apply
- (c) 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, discussed at a full Council meeting and minuted.
- (d) If fewer than three quotes are received for contracts above £10,000 or if all the are identical, the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (e) The Council shall not be obliged to accept the lowest or any tender, quote or estimate. The Council will seek the most economically advantageous tender, and take account of both price and quality.
- (f) 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 Regulations.

## **10. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

- 10.1 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 any percentage withholding as may be agreed in the particular contract).
- 10.2 Where contracts provide for payment by instalments, the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed

variations, will exceed the contract sum of 5% or more, a report shall be submitted to the Council.

- 10.3 Any variation to, addition to or omission from, a contract must be approved by the Council and sent by the Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

## **11 ASSETS, PROPERTIES AND ESTATES**

- 11.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk shall ensure a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase/upgrade/disposal details, responsibility (if responsibility has been assigned to specific individuals or roles), nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 11.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £50.
- 11.3 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 for final accounts purposes.
- 11.4 Community Assets, that do not have a Functional purpose or any intrinsic resale value (e.g. a war memorial) shall be recorded in the same way as other Assets.

## **12 INSURANCE**

- 12.1 Following the annual risk assessment (per Financial Regulation 14), the RFO shall effect all insurances and negotiate all claims on the Council's insurers. Any material changes must be approved by the Council before implementation.
- 12.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and 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 employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

### **13 CHARITIES**

- 13.1 Where the Council is sole or joint trustee of a Charitable body, the RFO shall ensure that separate accounts are kept of the funds held on charitable trust and separate financial reports made in such form as shall be appropriate in accordance with Charity Law and legislation, or as determined by the Charity Commission. The RFO shall ensure that any Audit or Independent Examination as may be required by Charity Law or any Governing Document is undertaken.

### **14 RISK MANAGEMENT**

- 14.1 The Council is responsible for putting in place arrangements for the management of risk. The RFO 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.
- 14.2 When considering any new activity, the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

### **15 REVISION OF FINANCIAL REGULATIONS**

- 15.1 It shall be the duty of the Council to regularly review the Financial Regulations of the Council and to ensure that they are fit for purpose and adhered to. The RFO 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.