

# WILSHAMSTEAD PARISH COUNCIL

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## FINANCIAL REGULATIONS

Revision 9

February 10 , 2020

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Rev 7 – Minor changes to correct duplicated items.

Rev 8 – To bring into line with NALC Model regulations recommended in July 2019 (no changes required) and to clarify payments by councillors on behalf of the Council (para 6.20)

Rev 9 – To clarify payment authorisations and introduce a review of banking arrangements

**WILSHAMSTEAD PARISH COUNCIL**

**FINANCIAL REGULATIONS**

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These Financial Regulations at Revision 8 were adopted by the Council at its Meeting held on 25<sup>th</sup> November 2019

Reference to “Accounts and Audit Regulations” within this document shall be taken to mean reference to The Accounts and Audit (England) Regulations 2011 which came into force on 31<sup>st</sup> March 2011.

Throughout this document reference to the Responsible Financial Officer (RFO) will mean the individual Council member appointed by the Council to be responsible for financial management of the Council’s affairs.

The Finance and General Purposes Working Group (F&GPWG) of the Council will oversee these regulations under the guidance of the RFO.

Reference in this document to the Clerk (of the Council) will mean the person authorised by the Council to carry out administration duties as directed by these regulations and other Council procedures. The Council will not necessarily employ a Parish Clerk.

Note: The Council has reviewed the use of the company, Barnicoat Ltd, to provide administration services to the Council. As its employees are not direct employees of the Council, the Council does not consider that it has responsibility to ensure that considerations such as PAYE or National Insurance are applicable. The company has been informed of this and understands that it is its own responsibility to ensure all payments from the Council to Barnicoat Ltd are accounted for in line with HMRC IR35 or other applicable regulations.

The Council’s Financial Year will commence on the 1st April each year and end on 31st March of the following year.

## **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.
- 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 include measures:
  - for 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.

- 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 will review the effectiveness of its system of internal control which shall be in accordance with proper practices, including a review of the use of an external company to provide administration services.
- 1.6. Deliberate or wilful breach of these Regulations may give rise to disciplinary proceedings.
- 1.7. Members of Council are expected to follow the instructions within these Regulations and not to entice others 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 and shall be appointed by the Council.
- 1.9. The RFO, acting under the policy direction of the Finance and General Purposes Working Group (F&GPWG), may rely on the Clerk to administer the Council's accounting records and accounting control systems. However, the RFO shall ensure:
  - the Council's financial affairs are administered in accordance with all Acts, Regulations and proper practices;
  - the Council accounting records and accounting control systems are determined
  - that the accounting control systems are observed;
  - the accounting records of the Council are up to date and in accordance with proper practices;
  - the Council has assistance in securing economy, efficiency and effectiveness in the use of its resources where required; and
  - financial management information is produced as required by the Council.
- 1.10. The accounting records shall be sufficient to show and explain the Council's transactions and to enable the F&GPWG 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 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.

1.12. The accounting control systems 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;
- procedures to enable the prevention and 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.

1.13. 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.

1.14. 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 £5,000; and

- 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 then in force unless otherwise specified.

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, including an audit trail, shall be determined by the Council. Financial records of the Council shall be in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 2.2. On a regular basis, at least once in each quarter, and at each financial year end, the F&GPWG shall verify bank reconciliations (for all accounts). Members of the F&GPWG shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Council.
- 2.3. The RFO shall be responsible for the completion of 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 reviewed them with the F&GPWG and 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, member of the Council or person acting in an administration capacity for 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.

- 2.6. 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.
  - use the checklist at Appendix A as a guide for the audit.
- 2.7. 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.
- 2.8. 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.
- 2.9. 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.
- 2.10. The F&GPWG shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors, unless the correspondence is of a purely administrative nature.

### **3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING**

- 3.1. Each Council Working Group shall review its three year forecast of revenue and capital receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the F&GPWG in respect of expenditure, income and capital projects for inclusion in the next year's Council budget, not later than 15th December each year. Copies of the previous year's accounts (showing actual expenditure) shall be provided to each Working Group to assist them in deriving their budget proposals. Potential election costs should be considered when generating these expenditure proposals.

- 3.2. The RFO shall ensure the F&GPWG is provided with 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.
- 3.3. The F&GPWG shall review these proposals not later than the 15th January each year and shall submit to the Council annual budget proposals in relation to the Council's three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and shall ensure the forecast is updated accordingly. When proposing the precept the F&GPWG should ensure that greater than 50% of the Council's funds shall be available for unexpected expenditure
- 3.4. 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 the end of January each year. The RFO shall ensure the issue of the precept to the billing authority and the supply to each Council of a copy of the approved annual budget.
- 3.5. 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 against the budget may be incurred by the Council up to the amounts approved for each Working Group. All expenditure will be authorised by the Council. Such authority is to be evidenced by a minute.
- 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. 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.
- 4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.4. This paragraph is not applicable.
- 4.5. In cases of extreme risk to the delivery of Council services, the Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or 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. If the Clerk cannot contact the Chairman or Vice Chairman, (or in their absence the Working Group spokesperson), prior to the expenditure, the Clerk shall report the action to them as soon as practicable thereafter.
- 4.6. 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.

- 4.7. 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 ensure at every meeting that the Council is provided with a statement of income and expenditure to date against each Working Group budget, comparing actual expenditure against that planned as shown in the budget.
- 4.9. Changes in earmarked reserves shall be approved by Council as part of the budgetary control process.
- 4.10. Unspent provisions in the budget shall not be carried forward to a subsequent year unless requested by the Working Group spokesperson; this request will then be considered by the F&GPWG. Items will only be carried forward on recommendation by the FGPWG and approved by resolution of the Council.

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

- 5.1. The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO or other member(s) of the F&GPWG and approved by the Council. Accounts shall include a cheque account and an interest earning account.
- 5.2. A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared and presented to Council at each meeting. The relevant invoices shall be available at the meeting. If the schedule is in order it shall be authorised by a resolution of the Council and shall be recorded as approved by the Chairman signing the minutes of the meeting. Any payments authorised will be recorded in the meeting minutes. Cheques drawn on the bank account in accordance with the schedule shall be signed by two authorised members of Council.
- 5.3. Individual invoices will be initialled by the two signatories signing the relevant cheques to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represent expenditure previously approved by the Council.
- 5.4. The RFO shall ensure invoices have been examined for arithmetical accuracy and allocated to the appropriate expenditure heading. The Council shall take all steps to pay all invoices submitted, and which are in order, at the next available Council meeting. The RFO or member(s) of the F&GPWG should check and review bank statements on-line and confirm them as accurate by issuing them via email to the other members of the F&GPWG each month .
- 5.5. Members of the F&GPWG shall have delegated authority to authorise the payment of items (only if they are satisfied that the work or supply has been carried out satisfactorily) in the following circumstances:
  - a) 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 Meeting of 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 Council.

- 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 Council.
  - c) fund transfers within the Councils banking arrangements up to the sum of £25,000, provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
- 5.6. For each financial year the F&GPWG shall 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) for regular maintenance contracts and the like for which council may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of Council.
- 5.7. A record of regular payments made under 5.6 above shall be drawn up and be referred to in the minutes of the next appropriate meeting of Council. Payment will be authorised by two members on each and every occasion – the aim is to control the risk of duplicated payments being authorised and / or made.
- 5.8. In respect of grants the Council shall approve expenditure within any limits set by Council and in accordance with any policy statement approved by Council. All grants shall, before payment, be subject to ratification by resolution of the Council.
- 5.9. 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.
- 5.10. The Council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 5.11. Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member of the F&GPWG.
- 5.12. The banking arrangements used by the Council will be reviewed annually (or more often in the case of significant change in the UK economy), including the risk of maintaining deposits with the same bank but above the Financial Services Compensation Scheme limit of £85,000.

## **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 Council, a Working Group spokesperson or, if so delegated, the Clerk or RFO shall give instruction that a payment shall be made.
- 6.3. All payments shall be effected by cheque or other instructions to the Council's bankers, or otherwise, in accordance with a resolution of Council.
- 6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to Council shall be signed by two members of Council in accordance with a resolution instructing that payment. 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.
- 6.5. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 6.6. Cheques or orders for payment shall not normally be presented for signature other than at a Council meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the Council at the next convenient meeting.
- 6.7. If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable direct debit provided that the instructions are signed by two members 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.
- 6.8. If thought appropriate by the Council, payment for certain items may be made by banker's standing order provided that the instructions are signed, or otherwise evidenced by two members are 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.
- 6.9. If thought appropriate by the Council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, are retained and any payments are reported to Council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the Council at least every two years.
- 6.10. If thought appropriate by the Council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.11. Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the Council's records on that computer, a note shall be

made of the PIN and Passwords and shall be handed to and retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other Councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the Council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.

- 6.12. 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.
- 6.13. 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.
- 6.14. 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.
- 6.15. Where internet banking arrangements are made with any bank, the RFO 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. The bank mandate will state clearly the amounts of payments that can be instructed by the Service Administrator with a stated number of approvals.
- 6.16. 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. Remembered or saved passwords facilities must not be used on any computer used for Council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.17. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by two of the F&GPWG. A programme of regular checks of standing data with suppliers will be followed.
- 6.18. Debit cards will not be used.
- 6.19. This paragraph is not applicable.
- 6.20. Any corporate credit card or trade card account opened by the Council will be specifically restricted to use by members of the F&GPWG and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members may be used provided that the expense has been notified in advance to the Parish Council and approved at that time, or at the next applicable Council meeting. Expenditure not so authorised will not be reimbursed.

- 6.21. 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 (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.
- 6.22. The process for checking invoices is covered above in paragraph 5.7
- 6.23. The F&GPWG shall ensure the settlement of all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.24. Any Section 137 payments shall be authorised by the Council and the total Section 137 payments in any one year must not exceed the maximum legally allowed.
- 6.25. The signatories would need to be changed if a signatory ceased to be a member of the Council

## **7. PAYMENT OF SALARIES**

- 7.1. The Council does not employ any direct employees. Should this change, the Council will follow the guidelines set out in the current version of the Model of Financial Regulations issued by the National Association of Local Councils (NALC).

## **8. LOANS AND INVESTMENTS**

- 8.1. All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The application for borrowing approval and subsequent arrangements for the loan shall only be approved by full Council.
- 8.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the full Council. In each case a report in writing shall be provided to Council in respect of value for money for the proposed transaction.
- 8.3. The Council will arrange with the Council's banks and investment providers for the sending of a copy of each statement of account to the Chairman of the Council at the same time as one is issued to the Clerk or RFO.
- 8.4. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.5. The Council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Council at least annually.

- 8.6. All investments of money under the control of the Council shall be in the name of the Council.
- 8.7. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.8. Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).
- 8.9. The terms and conditions of borrowings shall be reviewed at least annually by the F&GPWG.
- 8.10. All investment certificates and other documents relating thereto shall be retained within the Parish Office.

## **9. INCOME**

- 9.1. The collection of all sums due to the Council shall be under the supervision of the F&GPWG.
- 9.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council. The F&GPWG shall be responsible for ensuring the collection of all accounts due to the Council.
- 9.3. The Council will review all fees and charges annually.
- 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the F&GPWG and shall be written off in the year.
- 9.5. All sums received on behalf of the Council shall be paid to the Clerk for banking. In all cases, all receipts shall be deposited with the Council's bankers as soon as possible, preferably within 5 working days.
- 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 ensure the prompt completion of any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least every six months. One of the repayment claims will coincide with the financial year end. VAT will be recorded separately and checked by a member of the F&GPWG on at least a six monthly basis.
- 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.

9.10. This paragraph is not applicable.

## **10. ORDERS FOR WORK, GOODS AND 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. The F&GPWG shall ensure a system is in place for the control of Order books.
- 10.3. All members and officers are responsible for obtaining value for money at all times and the F&GPWG will satisfy itself that any official order, as far as is reasonable and practicable, is placed at the best available terms 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 11.1 below.
- 10.4. A member may not issue an official order or make any contract on behalf of the Council unless authorised in advance by the Council to do so.
- 10.5. The F&GPWG 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 F&GPWG 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:
  - a. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to 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 £500. Anything in excess of this sum may be authorised after consultation with the Chairman and Vice Chairman of Council.
  - vi. 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 Regulations<sup>1</sup>.
- i. Where it is intended to enter into a contract exceeding £5,000 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 12.1), quotations shall be sought from at least three competent suppliers. These potential suppliers must be agreed in advance by the Parish Council. Contracts above £5000 in value will be agreed by the Council following receipt of a sealed bid. If less than three quotations/tenders are received for contracts above £5,000 or if all are identical, the decision on best supplier will be referred to the full Council for ratification.
  - ii. Where it is intended to enter into a contract below £5000 and above £1000 quotations should be sought from three competent suppliers/ sources wherever possible.
  - iii. Where it is intended to enter into a contract worth £1000 or less in value the Spokesperson of the spending Working Group shall have executive power with regard to the number of quotes / estimates obtained.
  - iv. For contracts below £5000 in value the decision on best supplier can be made by the appropriate Working Group provided that an adequate budget for the expense has been agreed in advance by the Council and the contract conditions contained within these Financial Regulations have been adhered to.
- 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)<sup>2</sup>.

- 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. Any invitation to tender shall state the general nature of the intended contract. Where it would be of benefit, authorised Council members should obtain the necessary technical assistance to prepare a specification. 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 or RFO in the presence of the Chairman or Spokesperson for the appropriate Working Group.
- g. Any invitation to tender issued under this regulation shall be subject to Standing Orders,<sup>3</sup> and shall refer to the terms of the Bribery Act 2010.
- h. The conditions of paragraph 11.1.b above shall apply with regard to the value of intended contracts.
- i. The Council shall not be obliged to accept the lowest of any tender, quote or estimate but where the lowest tender is not accepted the reasons for this should be recorded in the Council meeting minutes.
- 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.

## **12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS (PUBLIC WORKS CONTRACTS)**

12.1. Payments on account of the contract sum shall be made within the time specified in the contract upon authorised certificates of the architect or other consultants

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<sup>2</sup> 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)

<sup>3</sup> Based on NALC's model standing order 18d in Local Councils Explained © 2013 National Association of Local Councils

engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).

- 12.2. Where contracts provide for payment by instalments a record shall be maintained 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.
- 12.3. Any variation to a contract or addition to or omission from a contract must be approved by the Council and the contractor advised in writing,. The Council will be informed where the final cost is likely to exceed the financial provision.

### **13. STORES AND EQUIPMENT**

- 13.1. The Clerk shall be responsible for maintaining an inventory of all stocks and stores
- 13.2. 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.
- 13.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4. The F&GPWG shall be responsible for checking the inventory annually.

### **14. ASSETS, PROPERTIES AND ESTATES**

- 14.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The F&GPWG 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.
- 14.2. 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.
- 14.3. 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).
- 14.4. 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).

- 14.5. Subject only to the limit set in Regulation 14.2 above, 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.
- 14.6. The F&GPWG 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.
- 14.7. Assets shall be valued at their original purchase price or an estimate of this, if the price is not known.

## **15. INSURANCE**

- 15.1. Following the annual risk assessment (per Regulation 17), the Clerk in consultation with the F&GPWG shall effect all insurances and negotiate all claims on the Council's insurers
- 15.2. The Council shall give prompt notification to the Clerk of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3. The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby.
- 15.4. The F&GPWG 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.
- 15.5. Any individual authorised to act on behalf of the Council and any appropriate members of the Parish Council shall have their own fidelity guarantee insurance, or be included in a fidelity guarantee insurance taken out by the Council, which shall cover the maximum risk exposure as determined by the Council.
- 15.6. The Council will review annually which assets should be insured taking into account the premiums and the risks of not insuring, in order to ensure value for money. The F&GPWG will annually review the Public Liability, Fidelity and Asset Insurances and recommend any amendment to the Council. Any change will be agreed by the Council.

## **16. CHARITIES**

This paragraph is not applicable

## **17. RISK MANAGEMENT**

- 17.1. The F&GPWG is responsible for putting in place arrangements for the management of risk. A risk register shall be prepared and risk mitigation measures identified, for approval by the Council. Risk management arrangements together with the risk register shall be reviewed by the Council at least annually.
- 17.2. New risks should be identified by the Council as they arise, addressed by the F&GPWG and added to the risk register as appropriate.

## **18. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

- 18.1. It shall be the duty of the F&GPWG to review the Financial Regulations of the Council annually and recommend any proposed changes to the Council for approval. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the F&GPWG of any requirement for a consequential amendment to these Financial Regulations.
- 18.2. 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.

Revision 8, dated 22<sup>nd</sup> November 2019

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## Appendix A to Financial Regulations

### **Internal Audit will be carried out in line with the Audit Commission's requirements as follows:**

1. The year end summary of accounts will be trailed back to ensure appropriate records have been kept and accounts prepared on an income/expenditure basis.
2. The financial spreadsheet will be checked to ensure appropriate records have been kept.
3. The Year End bank reconciliation will be checked to ensure the final account balance reconciles with the year end bank statement balance or that any difference is accounted for.
4. An audit trail will be followed to ensure payments are supported by invoices, expenditure has been approved and VAT accounted for.
5. The level of risk management / insurance has been adequately assessed.
6. The budget process for setting the Precept has been followed.
7. Reserve levels will be assessed.
8. An audit trail will be followed to ensure any income received has been properly recorded, priced and banked and that, if necessary, VAT has been accounted for.
9. Any cash receipts have been recorded, receipts issued and, if necessary, VAT accounted for.
10. No cash payments have been made.
11. The asset register will be checked to ensure it is up to date and regularly maintained.
12. Allowances and payments to members were paid in accordance with Council approvals and PAYE/NI requirements were not required.

### **Documents required in order for an Internal Audit to be carried out:**

1. Annual Audit Return with Sections 1 & 2 accurately completed in line with the instructions provided and signed by the RFO.
2. Financial spreadsheet showing all transactions for the financial year.
3. Year end summary of accounts.
4. Originals of invoices paid throughout the year.
5. Bank statements for the complete financial year showing year end balances.
6. Cheque / paying in books.
7. VAT records.
8. Bank reconciliation with any difference between year end balance and bank statement accounted for.
9. Budget for the year being audited.
10. Insurance policy and any risk assessment records.
11. Minutes
12. Details of reserves held
13. Cash records (if appropriate)
14. Employee salary records (if appropriate) showing Tax/NI deductions.
15. Asset register