

SEIGHFORD PARISH COUNCIL

FINANCIAL REGULATIONS

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References to the Accounts and Audit Regulations ('the regulations') will mean the regulations in section 27 of the Audit Commission Act 1998, or any superseding legislation, then in force unless otherwise specified and the term 'proper practice' or 'proper practices' will refer to guidance issued in the current edition of *Governance and Accountability for Local Councils - a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG)

1 GENERAL

- 1.1. These regulations govern the financial management by the council and must be observed in conjunction with the council's standing orders and any individual financial regulations relating to contracts.
- 1.2. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of councillor into disrepute. A breach of these Regulations by an employee is gross misconduct.
- 1.3. The council is responsible in law for ensuring that its financial management is adequate, effective and has a sound system of internal control, covering:
 - the management of risk
 - the timely production of accounts.
 - the safe and efficient safeguarding of public money.
 - the prevention and detection of inaccuracy and fraud.
 - the prompt recording of financial transactions
 - the prevention and detection of inaccuracies and fraud
 - the ability to reconstruct any lost records.
 - the robust scrutiny of bad debts, which must not be written off without the approval of the RFO which will be recorded in Council minutes.
- 1.4. The RFO; (s151 Officer)
 - acts under the policy direction of the council;
 - administers the council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines the accounting records and accounting control systems for the Council
 - ensures the accounting control systems are observed;
 - maintains up to date accounting records in accordance with proper practices;
 - assists the council to secure economy, efficiency and effectiveness for its resources;
 - produces financial management information as required by the council.
- 1.5. The accounting records and procedures determined by the RFO should be easy to understand and be based on regular bank reconciliations together with budget monitoring and will comply with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 1.6. The accounting records determined by the RFO will, in particular, separate entries for S137 expenditure.
- 1.7. The council is not empowered to delegate any of the following:
 - 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,.

- 1.8. In addition the council must:
- determine and keep under regular review the bank mandate for all council bank accounts;
 - approve any grant or single commitment in excess of £250
 - have regard to recommendations about annual salaries of employees
- 1.9. At least once a year, prior to approving the Annual Governance Statement, the council should review the effectiveness of its financial systems.

2 INTERNAL AND EXTERNAL ACCOUNTING AND AUDIT

- 2.1 At each Council meeting, the Chairman will sign the list of payments, the bank reconciliation and, periodically, the budget monitoring statements, highlighting material variances ie over 15% of the approved budget.
- 2.2 The RFO will 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 will report to the council within the timescales set by the Accounts and Audit Regulations.
- 2.3 Any officer or member of the council will make available such documents and records as appear to the council to be necessary for the purpose of the audit and will, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as they require.
- 2.4 The internal auditor will be appointed by and will carry out the work in relation to internal controls required by the council in accordance with proper practices and the RFO will, circulate any correspondence or report from the internal or external auditors to all councillors.
- 2.5 The internal auditor will:
- 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;
 - demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships
 - 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;
 - 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 The RFO will make arrangements for the exercise of electors' rights to inspect the accounts, books, and vouchers and to publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.8 For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' will have the same meaning.

3 ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

- 3.1 The RFO must each year, by no later than October, prepare 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 estimate to be considered by the council.
- 3.2 The council will consider annual budget proposals including recommendations for the use of reserves and sources of funding and update or confirm the forecast accordingly.
- 3.3 The council will fix the precept (council tax requirement) level to be submitted to the billing authority and will supply each member with a copy of the approved annual budget.
- 3.4 This budget will be used to monitor expenditure through the coming year.

4 BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 4.1 Expenditure on revenue which will exceed the approved budget breakdown, must be notified to the Council. Contracts may not be disaggregated to avoid controls imposed by budget constraints.
- 4.2 Money may be moved to other budget headings or to an earmarked reserve as appropriate by resolution of the council ('virement').
- 4.3 Unspent provisions in the capital budgets **for completed projects** will not be carried forward to a subsequent year.
- 4.4 No expenditure will 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, or the requisite borrowing approval has been obtained.
- 4.5 All capital works will be monitored in accordance with the council's Standing Orders and financial regulations relating to contracts.

5 BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 5.1 The council's banking arrangements, including the bank mandate, will be made by the RFO, approved by full council, and regularly reviewed for safety and efficiency.
- 5.2 All invoices for payment will be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.
- 5.3 The RFO will examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO will ensure all legitimate submitted invoices are authorised for payment at the next available council meeting
- 5.4 The Clerk/RFO will have delegated authority to authorise the payment of items only in the following circumstances and any such actions must be reported to the Council as soon as possible:

- 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/RFO certifies that there is no dispute or other reason to delay payment
- Transfer funds within the councils banking arrangements up to the sum of £10,000
- Authorise revenue expenditure which in the clerk's judgement is urgent eg repairs, replacements or where no budgetary provision was made for the expenditure up to a limit of £250.

5.5 For each financial year the Clerk/RFO will draw up a list of regular payments eg salaries, PAYE, NI, pension, utilities, and current contracts to be authorised by resolution of the council every year.

5.6 Where the Council has an annual grants programme, any awards must be agreed by full Council before releasing payment.

5.7 Members are subject to the Code of Conduct that has been adopted by the council and will comply with it 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 which will allow them to sign.

5.8 Any changes in the recorded details of suppliers, such as bank account records, will be approved in writing by full Council.

6 INSTRUCTIONS FOR THE MAKING OF PAYMENTS

6.1 All payments will be effected by cheque or other instructions to the council's bankers, in accordance with a resolution of council.

6.2 Cheques or orders for payment drawn on the bank account in accordance with the schedule presented to council or committee will be signed by two members of council for authorising the payments on the list

6.3 If payments are made by cheque, the signatories will also initial the cheque counterfoil.

6.4 Cheques or orders for payment will not normally be presented for signature other than at a council meeting. Any signatures obtained otherwise will be reported to the council at the next convenient meeting.

6.5 Council payments can also be made by internet banking transfer, BACS or CHAPS provided that all such payments are included in the list of payments, signed by two authorised bank signatories and retained in the minutes.

6.6 The approval of the use of any banking method will be reviewed annually by the council every year at the Annual Meeting of the Council.

6.7 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records, such information will be stored on a flash drive.

6.8 Arrangements for reclaiming the flash drive in the event that the Clerk will be indisposed for a protracted period, will be sent to all Councillors and a new PIN and/or passwords will be changed as soon as practicable, and the new user will update all Councillors. No

employee or councillor will disclose any PIN or password, relevant to the working of the council or its bank accounts.

- 6.9 Regular back-up copies of the records on any computer will be made and will be stored in a fireproof, locked container.
- 6.10 The council, and any members using computers for the council's financial business, will ensure that anti-virus, anti-spyware, and firewall software with automatic updates is used to ensure a high level of security.
- 6.11 The council will not maintain any form of cash float. All cash received must be banked as soon as possible
- 6.12 Any payments made in cash by the Clerk/RFO eg computer consumables will be included in the monthly list of payments to be approved.

7 PAYMENT OF SALARIES

- 7.1 As an employer, the council will make arrangements to fully meet the statutory requirements for all employers by PAYE and National Insurance legislation. The payment of all salaries will be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates will be as agreed by council.
- 7.2 Payment of salaries and payment of deductions must be made on the dates stipulated in employment contracts.
- 7.3 No changes will be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the council.
- 7.4 Each and every payment to employees of net salary and deductions will remain confidential record. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- by any councillor who can demonstrate a need to know;
 - by the internal auditor;
 - by the external auditor; or
 - by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5 Any termination payments will be supported by a clear business case and reported to the council. Termination payments will only be authorised by council.
- 7.6 Before employing interim staff the council must consider a full business case.

8 INCOME

- 8.1 The collection of all sums due to the council will 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 will be agreed annually by the council and notified to the RFO who will be responsible for the collection of all accounts due to the council.

- 8.3 The council will review all fees and charges at least annually, following a report of the Clerk/RFO.
- 8.4 Any sums found to be irrecoverable, and any bad debts will be reported to the council and will be written off in that year.
- 8.5 All sums received on behalf of the council will be banked intact as and with such frequency as the RFO considers necessary.
- 8.6 The origin of each receipt will be entered in a ledger, together with supporting information.
- 8.7 Personal cheques will not be cashed out of money held on behalf of the council.
- 8.8 The RFO will promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 will be made at least annually coinciding with the financial year end (usually February).
- 8.9 Where any significant sums of cash are regularly received by the council, the RFO will take such steps as are agreed by the council to ensure that more than one person is present when the cash is counted, and that appropriate care is taken with the security and safety of individuals banking such cash.
- 8.10 Any income arising which is the property of a charitable trust will be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any council meeting.

9 LOANS AND INVESTMENTS

- 9.1 All borrowings will be in the name of the council and will be approved by Council as to terms and purpose. The application for borrowing approval, and subsequent arrangements for the loan will only be approved by full council.
- 9.2 Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) will be subject to approval by the full council. In each case a report in writing will be provided to council in respect of value for money for the proposed transaction.
- 9.3 The Clerk/RFO will copy and statements, with regard to borrowing, to all Councillors.
- 9.4 All loans and investments will be negotiated in the name of the council and will be for a set period in accordance with council policy.
- 9.5 The council will consider the need for an Investment Strategy which, if drawn up, will be in accordance with relevant regulations, proper practices, and guidance, to be reviewed at least annually.
- 9.6 All investments of money under the control of the council will be in the name of the council.
- 9.7 All investment certificates and other documents relating thereto will be retained in the custody of the RFO.

9.8 Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, or branch, will be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).

10 CONTRACTS

10.1 Every contract will comply with these financial regulations, and no exceptions will be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items below:

- for the supply of gas, electricity, water, sewerage and telephone 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/RFO will act after consultation with the Chairman and Vice Chairman of council);
- for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

10.2 Where it is intended to enter into a contract exceeding £60,000 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 10.1, the Clerk will invite tenders from at least six firms to be taken from an appropriate approved list.

10.3 Such invitation to tender will state the objective of the contract and the Clerk will, if necessary, obtain technical assistance to prepare a specification. The invitation will state that tenders must be returned to the Clerk in an envelope, marked "Contract", which remain sealed until the prescribed date and time.

10.4 All sealed tenders will be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of council.

10.5 If less than three tenders are received for contracts above £60,000 or if there is an equality of tenders, the Council should consider its further course of action and may suspend Financial Regulations if the contract cannot be let in any other circumstances.

10.6 Any invitation to tender issued will refer to the terms of the Bribery Act 2010.

10.7 When a contract of less than £60,000 is proposed, the Clerk or RFO will obtain 3 quotations (priced descriptions of the proposed supply) and where the value is below £3,000 and above £250 the Clerk or RFO will obtain 3 estimates.

10.8 The council will not be obliged to accept the lowest or any tender, quote or estimate.

10.9 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 will be permitted to submit a

later tender, estimate or quote who was present when the original decision making process was being undertaken.

- 10.10 The Clerk/RFO should confirm if The European Union Procurement Directive will apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds should be followed.

11 ORDERS FOR WORK, GOODS AND SERVICES

- 11.1 An official order will be issued for all work, goods and services unless a formal contract is to be prepared. The Clerk/RFO will issue orders and file with the relevant invoice, as a member may not issue an official order or make any contract on behalf of the council.
- 11.2 An officer issuing an official order will provide evidence that an attempt has been made to secure the best available terms, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* level with regard to contracts
- 11.3 The RFO will verify the lawful nature of any proposed purchase before it is agreed at a meeting or any order is issued.

12 ASSETS, PROPERTIES AND ESTATES

- 12.1 The Clerk will make appropriate arrangements for the custody of all title deeds and Land Registry Certificates held by the council and detailing the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 12.2 No tangible moveable property will 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, unless the estimated value is lower than £250.
- 12.3 No land will 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 will be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 12.4 No land will be purchased or acquired without the authority of the full council. In each case a report in writing will be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 12.5 No tangible moveable property will be purchased or acquired without the authority of the full council, following consideration of a full business case.
- 12.6 The RFO will ensure that an appropriate and accurate Register of Assets and Investments is kept up to date, **on a historic cost basis** ie the purchase cost will be recorded to obviate the need for depreciation calculations.

13 INSURANCE

- 13.1 The RFO will procure all insurances and negotiate all claims on the council's insurers.
- 13.2 The Clerk will institute any changes to the insurance requirement to ensure continuing cover.
- 13.3 The RFO will keep a record of all insurances held by the council which will be reviewed annually.
- 13.4 All appropriate members and employees of the council will be included in a fidelity guarantee insurance which will cover the maximum financial risk for the Council, ie anticipated end of year carry over + precept request.

14 CHARITIES

- 14.1 Where the council is sole managing trustee of a charitable body the Clerk/RFO will ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as will be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Clerk/RFO will arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

15 RISK MANAGEMENT

- 15.1 The council is responsible for putting in place arrangements for the management of risk. The Clerk will 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 will be reviewed by the council at least annually.
- 15.2 When considering any new activity, the Clerk will prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

16 SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 16.1 The Clerk will make arrangements to monitor changes in legislation or proper practices and will advise the council of any requirement necessitating a consequential amendment to these financial regulations.
- 16.2 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.

Adopted Date	2019
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