

TADDINGTON PARISH COUNCIL FINANCIAL REGULATIONS

These Financial Regulations were adopted by the council at its meeting on 10 November 2020

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1. General

1.1. These financial regulations govern the conduct of financial management by the council and may be amended or varied only by resolution of the council. They must be observed in conjunction with the council's standing orders.

1.2. The council is responsible in law for ensuring that its financial management is adequate and effective, and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.

1.3. The council's accounting control systems must include measures:

- for the timely production of accounts;
- that provide for the safe and efficient safeguarding of public money; and
- to prevent and detect inaccuracy and fraud.

1.4. At least once a year, prior to approving the Annual Governance Statement, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.

1.5. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

1.6. Members of council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of councillor into disrepute.

1.7. The Responsible Financial Officer (RFO) is a statutory office to be appointed by the council. The Clerk has been appointed as RFO for this council.

1.8. The RFO:

- acts under the policy direction of the council;
- administers the council's financial affairs in accordance with all Acts, Regulations and proper practices;
- determines on behalf of the council its accounting records and accounting control systems;
- ensures the accounting control systems are observed;
- maintains the accounting records of the council up to date in accordance with proper practices;
- assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
- produces financial management information as required by the council.

1.9. The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO to ensure that any record of receipts & payments, or management information prepared for the council from time to time, comply with the Accounts and Audit Regulations.

1.10. The accounting records determined by the RFO shall in particular contain:

- entries from day to day of all sums of money received and expended by the council and the matters to which the receipts & payments account relate;
- a record of the assets and liabilities of the council; and

- wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.11. The accounting control systems determined by the RFO shall include:
- procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
 - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
 - procedures to ensure that uncollectable amounts, including any bad debts, are submitted to the council for approval to be written off and that the approvals are shown in the accounting records; and
 - measures to ensure that risk is properly managed.
- 1.12. The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:
- setting the final budget or the precept (council tax requirement);
 - approving accounting statements;
 - approving an annual governance statement;
 - borrowing;
 - writing off bad debts;
 - declaring eligibility for the General Power of Competence; and
 - addressing recommendations in any report from the internal or external auditors,
- shall be a matter for the full council only.
- 1.13. In addition, the council must:
- determine and keep under regular review the bank mandate for all council bank accounts; and
 - approve any grant or a single commitment in excess of £500.
- 1.14. 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, unless otherwise specified.
 - the terms '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, available from the National Association of Local Councils.

2. Accounting and audit (internal and external)

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

2.2. On a regular basis, at least once in each quarter and at each financial year end, a member other than the Chair shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member 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 complete the annual statement of accounts and the pages contained in the Annual Governance & Accountability Return (as specified in proper practices) as soon as practicable after the end of the financial year, and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.

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

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

2.6. The internal auditor shall:

- report to the council in writing after receiving the accounts for each financial year;
 - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - have no involvement in the financial decision making, management or control of the council
- 2.7. 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 RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

3. Annual estimates (budget) and forward planning

3.1. The RFO must each year, by no later than December, 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 to be considered by the council.

3.2. The council shall consider these annual budget proposals, and amend/approve them as it deems fit.

3.3. The council shall fix the precept (council tax requirement) for the ensuing financial year by not later than the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.

3.4. The approved annual budget shall form the basis of financial control for the ensuing year.

4. Budgetary control and authority to spend

4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:

- the council for all items over £500; or
- the Clerk, in conjunction with the Chair of Council, for any items below £500.

Such authority is to be evidenced by a minute, or by an authorisation slip duly signed by the Clerk and Chair. Contracts may not be disaggregated to avoid controls imposed by these regulations.

4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').

4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.

4.4. In cases of extreme risk to the delivery of council services, the Clerk may authorise revenue expenditure on behalf of the council which in the Clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk shall report such action to the council as soon as practicable thereafter.

4.5. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the council is satisfied that the necessary funds are available and that any requisite borrowing approval has been obtained.

4.6. All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.

4.7. The RFO shall regularly provide the council with a statement of receipts & payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances.

4.8. Changes in earmarked reserves shall be approved by council as part of the budgetary control process.

5. Banking arrangements and authorisation of payments

5.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council. They shall be regularly reviewed for safety and efficiency.

5.2. The RFO shall prepare a schedule of payments requiring authorisation, forming part of the agenda for each council meeting, and, together with the relevant invoices, present the schedule to council. The council shall review the schedule for compliance and, having satisfied itself, shall authorise payment by a resolution of the council. The approved schedule shall be initialled by the Chair of the meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was

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

5.3. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.

5.4. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available council meeting.

5.5. The Clerk shall have delegated authority to authorise the payment of items only in the following circumstances (provided that a list of such payments shall be submitted to the next appropriate meeting of council):

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 certifies that there is no dispute or other reason to delay payment;

b) An expenditure item authorised under 5.6 below; or

c) Fund transfers within the council's banking arrangements up to the sum of £10,000.

5.6. For each financial year the Clerk 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) salaries, PAYE and NI, superannuation fund and regular maintenance contracts, for which council may authorise payment for the year provided that the requirements of regulation 4.1 are adhered to, and 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 signed by two members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and/or made.

5.8. 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.

5.9. The council will aim to rotate the duties of members in these Regulations, so that duties are shared out as evenly as possible over time.

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 Regulation 5 above, a payment shall be made. All payments shall be effected by cheque, internet banking or other instructions to the council's bankers (or otherwise, in accordance with a resolution of council).

6.3. Cheques or orders for payment drawn on the council's bank account in accordance with the schedule as presented to council shall be signed by two authorised signatories 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.

6.4. Payments made by internet banking from the council's bank account in accordance with the schedule as presented to council shall be authorised online by two authorised signatories 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, authorise the payment in question. Evidence must be retained showing which signatories authorised the payment.

6.5. To indicate agreement of the details shown on a 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 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 (principally salaries) 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. 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 Chair 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 clause does not apply to a member's personal computer used for remote authorisation of bank payments.

6.10. 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.

6.11. 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.

6.12. The council shall ensure that its computers used for the council's financial business have anti-virus, anti-spyware and firewall software with automatic updates, together with a suitable level of security.

6.13. 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.

6.14. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier. A programme of regular checks of standing data with suppliers will be followed.

6.15. Any debit card in the name of the council will be specifically restricted to use by the Clerk and will also be restricted to a single transaction maximum value of £500.

6.16. Any credit card or trade card account opened by the council will be specifically restricted to use by the Clerk and will also be restricted to a single transaction maximum value of £500. The account balance shall be subject to automatic payment in full each month.

6.17. 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 (e.g. for postage or minor stationery items) shall be refunded via an expenses claim.

7. Payment of salaries

7.1. As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation.

7.2. Payment of salaries and payment of deductions from salary required for tax, national insurance and pension contributions (or other statutory or discretionary deductions) must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available council meeting.

7.3. Salary rates shall be as agreed by council. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the council.

7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded, but these records are confidential and not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:

- a) by any councillor who can demonstrate a need to know;
- b) by the internal auditor;
- c) by the external auditor; or
- d) by any person authorised under legislation.

7.5. Any termination payments shall be supported by a clear business case presented to the council. Termination payments must be authorised by council.

8. Loans and investments

8.1. All borrowings shall be effected in the name of the council, after obtaining any externally-required borrowing approval. Any application for borrowing approval shall first be approved by Council as to terms, purpose and value for money.

8.2. All investments of money under the control of the council shall be effected in the name of the council.

9. Income

9.1. The collection of all sums due to the council shall be the responsibility of the RFO. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.

9.2. The council will review all standing fees and charges at least annually, following a report of the Clerk.

9.3. All sums received on behalf of the council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the council's bankers with such frequency as the RFO considers necessary.

9.4. Where any significant sums of cash are received by the council, the RFO shall take suitable steps to ensure that more than one person is present to count the cash 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.

9.5. The origin of each receipt shall be entered on the paying-in slip.

9.6. Personal cheques shall not be cashed out of money held on behalf of the council.

9.7. The RFO shall, promptly and at least annually, compile any VAT repayment claim that is required.

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. All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 below.

10.3. A member may not issue an official order or make any contract on behalf of the council.

10.4. The RFO shall verify the lawful nature of any proposed purchase before the issue of any order and, in the case of new or infrequent purchases or payments, ensure that the relevant 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 Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency, provided that this regulation need not apply to contracts which relate to items (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 legal professionals acting in disputes;
- 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 (in excess of this sum the Clerk shall act after consultation with the Chair and Vice-Chair of council); and
- vi. for goods or materials proposed to be purchased which are proprietary articles and/or are sold only at a fixed price.

11.2 Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by the Public Contracts Regulations 2015 ("the Regulations") which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations, which *inter alia* require councils to use the Contracts Finder website to advertise contract opportunities, and set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts.

11.3 When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the council.

11.4 Invitations to tender shall state the nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. Any invitation to tender issued shall refer to the terms of the Bribery Act 2010. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.

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

11.6 When it is to enter into a contract valued at £25,000 or less for the supply of goods, materials or the execution of works or specialist services (other than as excepted in clause 11.1), the Clerk shall obtain three quotations (priced descriptions of the proposed supply). However, where the value is below £3,000 and above

£500, the requirement becomes for the Clerk to strive to obtain 3 estimates. Where the value is £500 or less, Regulation 10.2 above shall apply.

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

11.8 Should it occur that the council does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, then, 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

12.1. Payments on account of the contract sum shall be made by the RFO within the time specified in the contract 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).

12.2. 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 by 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 conveyed by the Clerk to the contractor in writing, the council being informed where the final cost is likely to exceed the financial provision.

13. Stores and equipment

13.1. The Clerk shall be responsible for the care and custody of stores and equipment.

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 RFO shall be responsible for periodic (at least annually) checks of stocks and stores.

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, and 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 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 interests in land shall be purchased or acquired without the authority of the 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 council. In each case a report in writing shall be provided to council with a full business case.

14.6. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health & safety inspection of assets.

15. Risk management and Insurance

15.1. The council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the council, risk management statements in respect of all relevant activities of the council. These shall be reviewed by the council at least annually.

15.2. Following the annual risk-management assessment (per 15.1), the Clerk shall effect all necessary insurances and negotiate all claims on the council's insurers.

15.3. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council. The Clerk shall ensure that all new risks, properties or vehicles are promptly insured as appropriate.

15.4. The Clerk shall report any loss, liability or damage, or any event likely to lead to a claim to the council at the next available meeting.

15.5. All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the council.

16. Suspension and revision of Financial Regulations

16.1. It shall be the duty of the council to review the Financial Regulations of the council from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the council of any requirement for a consequential amendment to these Financial Regulations.

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.

(End)