DEAN PRIOR PARISH COUNCIL

FINANCIAL REGULATIONS

These Financial Regulations are based on the Model Financial Regulations template produced by the National Association of Local Councils (NALC) in April 2024 for the purpose of its member councils and county associations. Every effort has been made to ensure that the contents of this document are correct at time of publication. NALC cannot accept responsibility for errors, omissions and changes to information subsequent to publication.

MARLDON PARISH COUNCIL FINANCIAL REGULATIONS

Contents

1. General 3
2. Risk management and internal control 4
3. Accounts and audit 4
4. Budget and precept 5
5. Procurement 6
6. Banking and payments 7
7. Electronic payments 7
8. Cheque payments 8
9. Payment cards 8
10. Petty Cash 8
11. Payment of salaries and allowances 8
12. Loans and investments 9
13. Income 9
14. Payments under contracts for building or other construction works 10
15. Stores and equipment 10
16. Assets, properties and estates 10
17. Insurance 11
18. [Charities] 11
19. Suspension and revision of Financial Regulations 11

Appendix 1 - Tender process 12

These Financial Regulations were adopted by the council at its meeting held on

1. General

1.1. These Financial Regulations govern the financial management of the council and may only be amended or varied by resolution of the council. They are one of the council's governing documents and shall be observed in conjunction with the council's Standing Orders.

1.2. Councillors are expected to follow these regulations and not to entice employees to breach them. Failure to follow these regulations brings the office of councillor into disrepute.

1.3. Wilful breach of these regulations by an employee may result in disciplinary proceedings.

1.4. In these Financial Regulations:

- 'Accounts and Audit Regulations' means the regulations issued under Sections 32, 43(2) and 46 of the Local Audit and Accountability Act 2014, or any superseding legislation, and then in force, unless otherwise specified.
- "Approve" refers to an online action, allowing an electronic transaction to take place.
- "Authorise" refers to a decision by the council, or a committee or an officer, to allow something to happen.
- 'Proper practices' means those set out in *The Practitioners' Guide*
- *Practitioners' Guide* refers to the guide issued by the Joint Panel on Accountability and Governance (JPAG) and published by NALC in England or Governance and Accountability for Local Councils in Wales – A Practitioners Guide jointly published by One Voice Wales and the Society of Local Council Clerks in Wales.
- 'Must' and **bold text** refer to a statutory obligation the council cannot change.
- 'Shall' refers to a non-statutory instruction by the council to its members and staff.

1.5. The Clerk has been appointed as RFO and these regulations apply accordingly. 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 control systems;
- ensures the accounting control systems are observed;
- ensures the accounting records are kept up to date;
- seeks economy, efficiency and effectiveness in the use of council resources; and
- produces financial management information as required by the council.

1.6. The council must not delegate any decision regarding:

- **setting the final budget or the precept (council tax requirement);**

- **the outcome of a review of the effectiveness of its internal controls**
- **approving accounting statements;**
- **approving an annual governance statement;**
- **borrowing;**
- **declaring eligibility for the General Power of Competence; and**
- **addressing recommendations from the internal or external auditors**

2. **Risk management and internal control**

2.1. **The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.**

2.2. The RFO shall prepare, for approval by the council, a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually.

2.3. When considering any new activity, the RFO shall prepare a draft risk assessment including risk management proposals for consideration by the council.

2.4. **At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.**

2.5. **The accounting control systems determined by the RFO must include measures to:**

- **ensure that risk is appropriately managed;**
- **ensure the prompt, accurate recording of financial transactions;**
- **prevent and detect inaccuracy or fraud; and**
- **allow the reconstitution of any lost records;**
- **identify the duties of officers dealing with transactions and**
- **ensure division of responsibilities.**

2.6. At least quarterly, 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 and date the reconciliations as evidence of this. This activity shall be reported to and noted by the council.

3. **Accounts and audit**

3.1. All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.

3.2. **The accounting records determined by the RFO must be sufficient to explain the council's transactions and to disclose its financial position with reasonably accuracy at any time. In particular, they must contain:**

- **day-to-day entries of all sums of money received and expended by the council and the matters to which they relate;**
- **a record of the assets and liabilities of the council;**

3.3. The RFO shall complete and certify the annual Accounting Statements of the council contained in the Annual Governance and Accountability Return in accordance with proper practices, as soon as practicable after the end of the

financial year. Having certified the Accounting Statements, the RFO shall submit them (with any related documents) to the council, within the timescales required by the Accounts and Audit Regulations.

3.4. **The council must ensure that there is an adequate and effective system of internal audit of its accounting records and internal control system in accordance with proper practices.**

3.5. **Any officer or member of the council must make available such documents and records as the internal or external auditor consider 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.

3.6. The internal auditor shall be appointed by the council and shall carry out their work to evaluate the effectiveness of the council's risk management, control and governance processes in accordance with proper practices specified in the Practitioners' Guide.

3.7. The council shall ensure that the internal auditor:

- is competent and independent of the financial operations of the council;
- reports to council in writing at least once each financial year;

3.8. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts, including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and documents required by the Local Audit and Accountability Act 2014, or any superseding legislation, and the Accounts and Audit Regulations.

3.9. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

4. Budget and precept

4.1. **Before setting a precept, the council must calculate its council tax requirement for each financial year by preparing and approving a budget, in accordance with The Local Government Finance Act 1992 or succeeding legislation.**

4.2. No later than October each year, the RFO shall prepare a detailed draft budget for the following financial year.

4.3. The draft budget forecast, including any recommendations for the use or accumulation of reserves, shall be considered by the finance committee and a recommendation made to the council.

4.4. Having considered the proposed budget, the council shall determine its council tax requirement by setting a budget. The council shall set a precept for this amount no later than the end of January for the ensuing financial year.

4.5. Any member with council tax unpaid for more than two months is prohibited from voting on the budget or precept by Section 106 of the Local Government Finance Act 1992 and must and must disclose at the start of the meeting that Section 106 applies to them.

4.6. The RFO shall **issue the precept to the billing authority no later than the end of February** and publish the agreed annual budget.

4.7. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.

4.8. Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the council.

5. Procurement

5.1. **Members and officers are responsible for obtaining value for money at all times.**

5.2. The RFO should ensure that the legal power being used to make any proposed purchase is reported to the meeting at which the order is authorised and also recorded in the minutes.

5.3. Every contract shall comply with the council's Standing Orders and these Financial Regulations and no exceptions shall be made, except in an emergency.

5.4. For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Procurement Act 2023 and The Procurement Regulations 2024 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award and notification of that contract.

5.5. Where the estimated value is below the Government threshold, the council shall (with the exception of items listed in paragraph 6.12) obtain prices as follows:

5.6. For contracts estimated to exceed £60,000 including VAT, the Clerk shall advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation. Tenders shall be invited in accordance with Appendix 1.

5.7. For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation regarding the publication of invitations and notices.

5.8. For contracts greater than £3,000 excluding VAT the Clerk shall seek at least 3 fixed-price quotes;

5.9. where the value is between £500 and £3,000 excluding VAT, the Clerk shall try to obtain 3 estimates which might include evidence of online prices, or recent prices from regular suppliers.

5.10. For smaller purchases, the clerk shall seek to achieve value for money.

5.11. **Contracts must not be split to avoid compliance with these rules.**

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

5.13. Individual purchases within an agreed budget for that type of expenditure may be authorised by:

- the Clerk, under delegated authority, for any items below £200 excluding VAT.

5.14. No individual member, or informal group of members may issue an official order unless instructed to do so in advance by a resolution of the council or make any contract on behalf of the council.

5.15. No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless [the council] is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first.

5.16. An official order or letter shall be issued for all work, goods and services above £250 excluding VAT unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained, along with evidence of receipt of goods.

6. Banking and payments

6.1. The council's banking arrangements shall be made by the RFO and approved by the council. They shall be regularly reviewed for efficiency.

6.2. The council must have safe and efficient arrangements for making payments, to safeguard against the possibility of fraud or error. More than one person should be involved in any payment, for example by dual online authorisation, or dual cheque signing. Even where a purchase has been authorised, the payment must also be authorised and only authorised payments shall be approved or signed to allow the funds to leave the council's bank.

6.3. The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available council meeting.

6.4. A schedule of the payments required, forming part of the Agenda for the meeting, shall be prepared by the RFO and, together with relevant invoices, be presented to council. If the schedule is in order, it shall be authorised by a resolution of the council and 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 that meeting.

6.5. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of employment) may be summarised to avoid disclosing any personal information.

6.6. All payments shall be made by cheque, in accordance with a resolution of the council unless the council resolves to use a different payment method.

7. Electronic payments

7.1. Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify four councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process.

7.2. All authorised signatories shall have access to view the council's bank accounts online.

7.3. No employee or councillor shall disclose any PIN or password, relevant to the council or its banking, to anyone not authorised in writing by the council or a duly delegated committee.

7.4. The Service Administrator shall set up all items due for payment online. A list of payments for approval, together with copies of the relevant invoices, shall be sent by email to two authorised signatories.

7.5. In the prolonged absence of the Service Administrator an authorised signatory shall set up any payments due before the return of the Service Administrator.

7.6. Two councillors who are authorised signatories shall check the payment details against the invoices before approving each payment using the online banking system.

7.7. A full list of all payments made in a month shall be provided to the next council meeting.

7.8. Regular payments of salary and pension may be made by banker's standing order, provided that the instructions are approved online by two members, evidence of this is retained and any payments are reported to council when made.

7.9. Account details for suppliers may only be changed upon written notification by the supplier verified by the Clerk. This is a potential area for fraud and the clerk should ensure that any change is genuine.

8. Cheque payments

8.1. Cheques or orders for payment in accordance with a resolution or delegated decision shall be signed by two authorised signatories.

8.2. A signatory having a family or business relationship with the beneficiary of a payment shall not, under normal circumstances, be a signatory to that payment.

8.3. To indicate agreement of the details on the cheque with the counterfoil and the invoice or similar documentation, the signatories shall also initial the cheque counterfoil.

9. Payment cards

9.1. Any Debit Card issued for use will be specifically restricted to [the Clerk and the RFO] and will also be restricted to a single transaction maximum value of £200 unless authorised by council or finance committee in writing before any order is placed.

10. Petty Cash

10.1. The council will not maintain any form of cash float. All cash received, such as working group donations, must be banked intact and recorded in a separate account. Any payments made in cash by the Clerk (for example for postage or minor stationery items) shall be refunded on a regular basis.

11. Payment of salaries and allowances

11.1. As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.

11.2. Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.

11.3. Salary rates shall be agreed by the council, or a duly delegated committee.

11.4. Payment of salaries shall be made, after deduction of tax, national insurance, pension contributions and any similar statutory or discretionary deductions, on the dates stipulated in employment contracts.

11.5. Deductions from salary shall be paid to the relevant bodies within the required timescales, provided that each payment is reported, as set out in these regulations above.

11.6. The Payroll Service is contracted out. Each payment of net salary and each payment to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a payroll control account, to which the council has online access, with the total of such payments each calendar month reported in the cashbook. Payroll reports will be reviewed by the Clerk to ensure that the correct payments have been made.

12. Loans and investments

12.1. 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.

12.2. The council's Investment Policy shall be in accordance with Statutory Guidance on Local Government Investments and shall be reviewed on a regular basis (at least annually).

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

12.4. Any application for Government approval to borrow money and subsequent arrangements for a loan must be authorised by the full council and recorded in the minutes. All borrowing shall be in the name of the council, after obtaining any necessary approval.

12.5. All investment of money under the control of the council shall be in the name of the council.

12.6. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

12.7. Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, shall be made in accordance with these regulations.

13. Income

13.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.

13.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the council.

13.3. Any sums found to be irrecoverable and any bad debts shall be reported to the council by the RFO and shall be written off in the year. The council's approval shall be shown in the accounting records.

13.4. All sums received on behalf of the council shall be deposited intact with the council's bankers, with such frequency as the RFO considers necessary. The origin of each receipt shall clearly be recorded on the paying-in slip or other record.

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

13.6. Any repayment claim under section 33 of the VAT Act 1994 shall be made annually by the RFO coinciding with the financial year end.

14. Payments under contracts for building or other construction works

14.1. Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).

14.2. Where contracts provide for payment by instalments, the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more, a report shall be submitted to the council.

14.3. Any variation to a contract, or addition to, or omission from a contract must be approved by the council and authorised by the Clerk to the contractor in writing, the council being informed where the final cost is likely to exceed the financial provision.

15. Stores and equipment

15.1. Delivery notes shall be obtained in respect of goods received, and goods must be checked as to order and quality at the time delivery is made.

15.2. Stocks shall be kept at the minimum levels consistent with operational requirements.

16. Assets, properties and estates

16.1. The Clerk shall make arrangements for the safe custody of all title deeds and Land Registry Certificates of properties held by the council.

16.2. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date, with a record of all properties held by the council, their 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.

16.3. 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.

16.4. No interest in land 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. In each case a written report 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 where required by law). 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, except where the estimated value of any

one item does not exceed £500. In each case a written report shall be provided to council with a full business case.

17. Insurance

17.1. The RFO shall keep a record of all insurances effected by the council and the property and risks covered. The council shall review these annually before the renewal date to ensure adequacy of cover in conjunction with the council's review of risk management.

17.2. The Clerk shall give prompt notification to the Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

17.3. The RFO shall be notified of any loss, liability, damage or event likely to lead to a claim, and shall report these to the council at the next available meeting. The RFO shall negotiate all claims on the council's insurers.

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

18. [Charities]

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

19. Suspension and revision of Financial Regulations

19.1. The council shall review these Financial Regulations annually. The Clerk shall monitor changes in legislation or proper practices and advise the council of any need to amend these Financial Regulations.

19.2. The council may, by resolution 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 presented to all members. Suspension does not disapply any legislation or permit the council to act unlawfully.

19.3. The council may temporarily amend these Financial Regulations by a duly notified resolution, to cope with periods of absence, local government reorganisation, national restrictions or other exceptional circumstances.

Appendix 1 - Tender process

1) Any invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases.
2) The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the council.
3) Where a postal process is used, 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. 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.
4) Where an electronic tendering process is used, the council shall use a specific email address that will be monitored to ensure that nobody accesses any tender before the expiry of the deadline for submission.
5) Any invitation to tender issued under this regulation shall be subject to Standing Order [insert reference of the council's relevant standing order] and shall refer to the terms of the Bribery Act 2010.
6) Where 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, 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.