

# Wittersham Parish Council

## Financial Regulations

### Preamble

1. A parish council operates under a suite of legislation and other instruments, including its Standing Orders. Standing Orders are a mixture of requirements imposed by legislation together with a wide range of other rules that a council might impose upon itself to aid the efficient and proper discharge of its business.
2. To assist its members in producing effective Standing Orders, a national template or “model” is produced by the National Association of Local Councils (“NALC”), and updated from time to time, drawing attention to those aspects that are statutory and should not be altered, and the remainder that is open to amendment or rescission.
3. The proper control and handling of financial matters within a parish council is discussed in a number of documents, notably “Governance and Accountability for Local Councils – a practitioners Guide”, a small section of the model Standing Orders, and a council’s own “Financial Regulations”.
4. The concept of “Financial Regulations” is introduced in a non-statutory section of the model Standing Orders as a proposed requirement upon a parish council to produce, approve and review such a document regularly, and which would then sit alongside the other documents listed.
5. In order to assist local councils in fulfilling this proposal, NALC produces and periodically updates a model form of financial regulations that can be adopted or amended by a parish council as it finds appropriate.
6. The current model (as issued) is 11 pages long (in small print and close-typed) and seeks to cover a very wide range of needs for local councils that range in size from large Town Councils with £1m or more of annual income and a number of full time staff, including a Responsible Financial Officer (“RFO”) who is probably a specialist and enjoys a separation of powers from the Proper Officer (“the Clerk”), down to small Parish Councils with under £10k of precept income and a part-time Clerk paid for few hours a week who must also act as the RFO and, in many or most cases, is not a financial specialist.
7. Faced with this spectrum of councils, therefore, the model financial regulations inevitably introduce a lot of processes that are inimical or impractical for a smaller parish council like Wittersham with a precept of around £35,000 pa (plus income and expenses to run the Cluster Caretaker Scheme). The model does however introduce concepts that should be used as guidance wherever detailed issues therein might be of relevance on an occasional basis.
8. Alongside the model regulations which have been adopted in previous years with minor amendments, the council necessarily made dramatic changes at speed to its procedures to accommodate the Covid-19 crisis, including the council’s adoption of a very substantial delegation to the Clerk under powers granted by LGA 1972 s.101, and suspension of its Financial Regulations where necessary to maintain the council’s activities. Since the ending of the emergency, it has applied a more restrictive delegation, plus a fall-back delegation for use should emergency arrangements be re-imposed. These Delegations are attached here as an Appendix.

9. The council meanwhile continues to operate a number of ‘tried and tested’ procedures to safeguard its cash resources, ensure separation of powers over payments, and provide monthly oversight for councillors at its meetings on its accounts and cash. These Financial Regulations set out the ways the council deals with its regular requirements, and lay down wider stipulations over the council’s financial arrangements.
10. These Regulations operate alongside the Delegations with equal effect, but in the case of any contradiction, the Regulations will take precedence unless the council directs otherwise. The NALC model, meanwhile, following a range of amendments and deletions approved by the council, is attached here as Annex A. It remains a guide to good practice wherever relevant to the council’s activities, financial operations, etc., but these Regulations here lay down the principles and obligations to which the council adheres.

## **Banking Arrangements**

11. The council holds current bank accounts with Lloyds Bank plc and Unity Trust Bank plc, together with a deposit account with Unity Trust Bank and cash securities with CCLA. No changes to its bank accounts or to the mandates for operating them will be made without approval by the council.
12. **Lloyds Bank.** This current account is operated, when necessary, by cheques, and the monthly payment for the Caretaker’s Stakeholder Pension is taken by Direct Debit. The account is now little used except for the Direct Debit, but it is retained in case of an unexpected need arising. Cheques require two signatures from councillors on the mandate to be valid.
13. If a cheque payment is required, it will be written by the Clerk/RFO and the original invoice documentation will be furnished, alongside the cheque fully made out and still in the cheque book, for each of two members as cheque signatories to sign the cheque and initial the invoice and the cheque stub.
14. **Unity Trust Bank.** This current account is the main working account for the council and is operated primarily by internet banking, though any rare cash or cheque deposits can be made through a NatWest Bank counter.
15. Instructions for internet banking payments by the council, having been set up by the Clerk/RFO online, will then require two councillors to authorise the individual payments online before the bank will honour them.
16. Councillors acquire their log-in details and passwords for authorising payments or inspecting the account as part of the original bank verification process, and subsequent changes to the mandate will go through the same process.
17. Scanned invoice documentation will be provided to ‘signing’ councillors by email along with the request to authorise the same payments online. Councillors will be able to match the payees with the documentation, and confirm all the details before they authorise the payment.

- 18. Cash Securities.** The council has an account with CCLA to lodge cash reserves in excess of short term requirements in its Public Sector Deposit Fund. Subscriptions and withdrawals set up as needed by the Clerk/RFO must be signed by two councillors on the mandate. Subscriptions from Unity Trust Bank for payment to CCLA need to be approved in the usual way, and any withdrawals from CCLA can only be made to the council's linked current account at Unity Trust Bank, unless a change is set up and verified under CCLA's main authorisation procedures.

## **Budget and Precept**

19. The Clerk/RFO will prepare a budget each autumn for the forthcoming financial year in consultation with the Finance Working Party, which will be considered by the council and approved after any amendments in time to set the council's precept for the forthcoming year. The precept amount will be submitted to Ashford BC before the date it is required.
20. The agreed budget will form the basis for a variance analysis at each quarter and year end in the financial year to which it applies, for review and consideration by the council and for any decisions to be taken in consequence.
21. The budget represents a tool for management control of expenditure but does not place absolute limits on any individual expenditure headings, should the council resolve to exceed them.

## **Keeping Proper Accounts**

22. The Clerk/RFO uses the 'Scribe' computerised accounting system to keep the council's accounts, and in case of doubt, the balances on this system are to be kept and taken, subject to routine bank reconciliations, as the authentic balances of the council's financial position.
23. Accounts will be kept up to date and any errors identified in the records will be corrected at the earliest moment by the necessary further entries, identified as such in the computerised record.
24. Records of all income, expenditure, and opening and closing cash balances for the previous month(s) will be put before the council at each of its meetings, carrying suitable identifying descriptions.
25. Income and expenditure arising from the council's operation of the Cluster Caretaker Scheme will be accounted for as part of the overall position of the council's finances, but also presented separately as a memorandum account for information of councillors and to maintain full oversight of the activity.
26. Quarterly accounts for the year to date and the full year will be put before the council at its meetings, with variances against budget, for consideration and any decisions to be taken.

## **Bank Reconciliations**

27. The Clerk/RFO will reconcile the bank accounts at month end as a routine control and as part of the compilation of monthly income and expenditure schedules for placing before councillors at their monthly meeting (except August, no meeting).
28. A reconciliation document is produced by the council's computerised accounting system for checking against bank statements. A councillor will check and sign the reconciliation document for each month. NB. The Chairman may not act as signatory on the quarterly reconciliations, owing to a separate requirement by the council's insurance policy.

## **Contracts and Payments to Third Parties**

29. The council will enter contracts with, or obligations to, third parties through decisions at its meetings, or where relevant by the Clerk under the Delegations given to her by the council under LGA 1972 s.101. Those Delegations are attached to these Financial Regulations as an Appendix, in two versions:
  - a) Standard Scheme of Delegation, which operates through all normal times, and
  - b) Conditional Comprehensive Scheme of Delegation which, learning from experience during the circumstances of the Covid-19 pandemic & lockdowns, would come into force automatically in the event that "over-riding circumstances prevent a council meeting being held within a period of ten days of requiring one". Approval to apply this trigger in exceptional circumstances would be given by the Chairman and notified immediately to all councillors. or if unavailable, by the Vice Chairman, or if also unavailable, by a decision of those councillors available.
30. Payments to third parties will be authorised by the council either directly at its meetings or by way of the Delegation if such applies.
31. The Clerk is always at liberty to refer an issue to the council, even were it otherwise covered by the Delegation.
32. For contracts such as works that would lead to financial costs beyond routine levels, and outwith the Standard Delegation, the council will agree how to proceed in respect of a single quote, multiple quotes, formal tenders etc, taking account of good practice and depending on the circumstances pertaining, the opportunity or experience in finding suitable contractors, a desire to work with local providers where possible, etc.

## **Payment of Salaries and Expenses**

33. Salaries for the Clerk/RFO and the Caretaker are paid by bank transfer, set up, authorised and made in line with other payments made by the council. The amounts to be paid net of tax, NI, stakeholder pension and any other deductions are calculated in the council's computerised payroll system, with the printed out calculations used to justify those payments to the councillors authorising them.
34. Expenses incurred by the Clerk/RFO for carrying out the duties of the rôle, including items such as postage stamps, printer cartridges, and a monthly allowance towards home broadband costs, are presented to the council for its approval quarterly, or as required, and reimbursed by normal bank transfers that are approved by councillors.
35. Expenses incurred by the Caretaker for minor working items, spare parts, PPE etc, are approved by the Clerk/RFO against receipts and reimbursed by normal bank transfers that are approved by councillors.

## **Audit procedures**

36. The Clerk/RFO will assemble all necessary documentation for provision to the council's Hon. Internal Auditor shortly following the year end, and report his or her subsequent findings to the council, following through on any recommendations that the council has agreed.
37. The Clerk/RFO will complete documentation for the external statutory audit in time for the council to examine, approve and sign it, send it off by the deadline, and complete the subsequent formalities for any requested examination by interested members of the public.

## **Cash Balances and Investments**

38. As a matter of policy, the council seeks to maintain balances at least sufficient to provide it with freedom to manage unexpected expenses when they fall due (including within the Caretaker Cluster scheme), and to bring forward projects when needed or appropriate, rather than them being constrained by an unavailability of financial means.
39. The council will seek to invest its further reserves in low risk cash instruments to secure a meaningful return, where it is available, while keeping on hand in its bank accounts (current and/or interest-bearing deposit) sufficient funds for six months normal anticipated expenditure. The CCLA Public Sector Deposit Fund has been selected by the council for this purpose, see para. 18.
40. Amounts to be invested in or withdrawn from instruments outside of its normal bank accounts will be based on decisions by the Clerk/RFO in the first instance and her oversight of the council's working cash balances, but with all changes authorised by two councillors.

## **Assets**

41. All fixed assets owned by the council or held by it on behalf of the community will be noted on a register, updated as needed and reviewed by the council annually. Values will be ascribed at cost, value etc, or at a nominal amount for historic items, all as laid down in external guidance. These values will not be written down until disposal, when they are identified as removed from the register.
42. The disposal of any council owned assets that have any remaining (non-trivial) value will require to be approved by the council.

## **Insurances**

43. The council will hold a comprehensive policy of general insurance suitable for its nature of business and risks, and renewed on time by the Clerk/RFO following review by the council and any amendments made.
44. The council will insure its vehicles and trailers under a suitable comprehensive policy and the Clerk/RFO will review and renew it annually.
45. The Clerk/RFO will bring to the council's attention the possible need for any other insurances in light of new risks coming to light.

## **Suspension or Revision of Financial Regulations**

46. These regulations will be reviewed by the council annually and any revisions agreed by the council.
47. Individual requirements may be suspended, or applied with temporary revisions, if circumstances demand and the council has considered the reasons for doing so, the benefits and risks of it, and resolves to do so.

12th December 2023

**Wittersham Parish Council**  
**Standard Scheme of Delegation**

This Standard Scheme of Delegation will take effect from the day following its approval. It will enable the council to carry out its business with greater efficiency and effectiveness for the future, benefitting from lessons learned during the Covid-19 crisis.

**Full Council** (or a Committee where its own delegation and legislation allows)

1. All matters reserved to it by legislation (eg. precept setting, electing the Chairman).
2. New issues or demands for policy formulation or revision.
3. Revision of Standing Orders or Financial Regulations.
4. Decisions on new or significant projects, expenditure, or significant departures from existing patterns or previous decisions, and amounts in excess of this delegation.
5. Significant or potentially controversial planning applications.
6. Staff matters (outwith routine line management), recruitment and pay rates.
7. Anything directed to the council for action or decision by current policies unless/until amended.
8. Approval of the Clerk's expenses.
9. Changes to banking arrangements or the mandate.

**Clerk (Proper Officer/RFO)**

10. Preparing all proper payments due from the council using either online banking or cheque writing, followed by authorising/signing by two councillors on the mandate.
11. Inputting/writing standard monthly salaries due to staff including to the Clerk and overtime for the Caretaker, for authorisation/signing by two councillors.
12. Approval of contractors and quotes and placing contracts for works, supplies or services up to £500 in respect of any one transaction, and £2,000 in total in any period between council meetings (routine salaries not to count in the total).
13. Raising payment of invoices for supplies/services already agreed to by the Clerk, or previously by the council, up to £1,000 (within 5% margin of quote/agreement).
14. Decision making on minor and uncontroversial planning applications, having taken informal soundings from councillors and consulted neighbours in the usual way.
15. Progressing projects agreed by the council through their stages following any demands or constraints imposed by the council at the outset or subsequently.

***In the event of uncertainty as to the interpretation of this Delegation, the Clerk will consult the Chairman, or in his absence, the Vice Chairman.***

**Approved by resolution on 8 February 2022; final text confirmed 8 March 2022**

## Wittersham Parish Council

### Conditional Comprehensive Scheme of Delegation

The terms of this Scheme of Delegation were operated by the council during Covid-19 special measures, April '20 to Feb '22, and then replaced by a new Scheme. These terms remain authorised on a **Conditional Basis**, however, should further emergencies arise. The condition is triggered if over-riding circumstances prevent a council meeting being held within a period of ten days from requiring one. It therefore exists to cover emergency or other unavoidable situations that may arise quickly and unexpectedly. All councillors will be notified by the Clerk if and when this Delegation enters into effect.

1. All functions and decisions previously carried out by the council in its meetings, other than those explicitly disallowed by legislation from delegation now or in the future, are hereby delegated to the Proper Officer (Clerk) of the council.
2. This delegation supersedes any provisions directly to the contrary in the council's Standing Orders. The council's Financial Regulations will continue to apply except where directly contrary to the operation of this delegation. The requirement for all payments to be signed by two councillors on the bank mandate continues as before.
3. When exercising this delegation, the Clerk will consult councillors on decisions to be taken and expenditure to be committed, as follows:
  - a. For all decisions or expenditure normally decided at a council meeting, consult councillors by email and have regard to responses received before coming to a decision under the delegation;
  - b. For all decisions previously made in consultation with the Chairman and/or Vice Chairman, continue unchanged; for decisions on the the Caretaker Scheme, continue as before but with the Working Party meeting by email.
4. The Clerk is to keep a record of all decisions that would normally have been transacted at a meeting and email a copy to all councillors at the end of each week.
5. If circumstances arise that this delegation did not foresee and does not cover, the Clerk will consult the Chairman and/or Vice Chairman to decide how to proceed.
6. In the event of incapacity of the Clerk, the Chairman and Vice Chairman will seek to consult on what ways forward are most appropriate. If the Chairman and/or Vice Chairman are incapacitated, councillors will back-fill those roles *for the purposes of this delegation* in declining order of their seniority/service on the council.
7. In the event that incapacity of councillors reduces those responding to consultation, the Clerk will exercise her judgement in the circumstances pertaining, recognising that two signatures are always required for any payment, and the Clerk will not, save unknowingly, commit to expenditure that cannot then be paid on time.
8. This Delegation will endure until amended or rescinded by a full council meeting, but its triggering condition will cease to apply once a council meeting can be called.

**Approved by resolution on 8th February 2022, Final text confirmed 8th March 2022**

**Wittersham Parish Council****NALC Model Financial Regulations 2019 following local revision**

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This document was adopted by the council at its meeting held on 13th June 2023 as an Annex to its Financial Regulations 2023, as guidance for the council as appropriate.

## 1. General

- 1.1. This document supports good financial management by the council as guidance to be read alongside the council's Financial Regulations and may only be amended or varied by resolution of the council. Financial regulations are one of the council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders<sup>1</sup> and any individual financial regulations relating to contracts.
- 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;
  - 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 must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. Deliberate or wilful breach of its Regulations by an employee may give rise to disciplinary proceedings.
- 1.7. Members of council are expected to follow the instructions within its Regulations and not to entice employees to breach them. Failure to follow instructions within its Regulations brings the office of councillor into disrepute.
- 1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. The Clerk (the Proper Officer) has been appointed as RFO for this council and its regulations will apply accordingly.
- 1.9. 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

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<sup>1</sup> Model Standing Orders for Councils (2018 Edition) is available from NALC (©NALC 2018)

- produces financial management information as required by the council.
- 1.10. 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 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 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 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 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;
  - 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 un-collectable 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 outside the Delegations (see Annex B) to the council's Financial Regulations; 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 this guidance, 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, and then in force unless otherwise specified.

In its financial regulations and in this guidance 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 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 Chairman shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations as evidence of verification.
- 2.3. The RFO shall 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 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. 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.
- 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, with an 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
  - has 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 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 annual budget proposals including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.3. 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 by the end of January each year. The RFO shall issue the precept requirement 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 under the delegation up to the amounts included for that class of expenditure in the approved budget.

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 funding position and implications for public services, individual or overall budget lines may be overspent, including but not limited to the application of allocated reserves.
- 4.3. Unspent provisions and reserves are carried forward to future years if unspent, for the issue to which they have been devoted, but may be revised, reduced or removed by resolution of the council following review of the funding position and expected future requirements as part of the budget process or otherwise.
- 4.4. The salary budgets are to be reviewed in accordance with national scales at such time as they become available for the relevant financial year and put into effect as from the relevant anniversary or other date set by the council.

- 4.5. 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, or as covered in the relevant Delegation ('Standard', and 'Conditional Comprehensive'). The Clerk shall report such action to the chairman as soon as possible, to councillors as soon as practicable thereafter, and to the council at its next meeting.
- 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 should that be relevant.
- 4.7. All capital works shall be administered in accordance with the council's standing orders and its financial regulations.
- 4.8. The RFO shall at its regular meetings provide the council with a statement of receipts and payments since the last report, together with a quarterly report under each head of the budget to compare actual expenditure to the appropriate date against the budget. Explanations of material variances will be given by the RFO at the council meeting..
- 4.9. 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; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
- 5.2. Payments requiring authorisation will be submitted to two councillors on the mandate at such time as they are prepared for payment. Payment authorities may be post-dated by the RFO where appropriate, eg. salaries.
- 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, analyse them to the appropriate expenditure heading, set them up for payment (if in order and sanctioned by either a council decision or the Delegation), and arrange for two councillors to authorise the bank payment or sign the cheque.
- 5.5. The Clerk/RFO shall have delegated authority to set up the payment of items that have been approved by the council or fall within one of the Delegations as appropriate. Any such payments still require approval by two councillors. The RFO will set up fund transfers within the council's banking arrangements when required following the council's approval, but any instruments to carry out such transfers will still require councillor signatures as per the relevant mandate.
- 5.6. 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.
- 5.7. The council will seek so far as attainable to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.

- 5.8. When approving payments to suppliers etc., Members will carry out such checks as are available to them to ensure that the payments are being made to the right account and not subject to wrongly or accidental diversion.

## **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. All payments shall be affected by instructions to the council's bankers, by cheque or otherwise, in accordance with a resolution of council or under a delegation as appropriate.
- 6.3. All payments will be authorised by two councillors on the relevant mandate, having seen a relevant invoice as annotated for payment by the RFO, or computerised payslips for salaries, or documentation for transfers of funds.
- 6.4. Where a cheque is exceptionally used, the signatories shall each initial the counterfoil to indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation.
- 6.5. The council uses online banking for the majority of its payments, but each payment, once set up online by the RFO, requires an online authorisation to be made by two councillors on the mandate, using their personal online passwords, before it will be honoured by the council's bankers.
- 6.6. Evidence is retained showing which members approved an online payment together with the bank's reference numbers.
- 6.7. 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.
- 6.8. 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.
- 6.9. 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.
- 6.10. The council, and any members using computers to carry out 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. Members authorising online payments will take relevant steps to protect the council's interests.
- 6.11. Where internet banking arrangements are made with any bank, the Clerk/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 cover authorisation by the Service Administrator together with two approvals by Members.

- 6.12. 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.
- 6.13. 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 the Clerk/RFO.
- 6.14. A trade card account for fuel opened by the council will be specifically restricted to use by the council’s employed Caretaker for fuel for the van and petrol-powered machinery and shall be paid in full each month following receipt of invoice. Any use of personal credit or debit cards will be treated as expenses and reimbursed accordingly subject to relevant authorisation and payment procedures.
- 6.15. The council will not maintain any form of cash float. Any cash received must be banked intact. Any payments made in cash by the Clerk/RFO (for example for postage or minor stationery items) shall be refunded as expenses on a regular basis, authorised by the council.

## **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. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by council, or duly delegated committee.
- 7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar 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, as set out in these regulations above.
- 7.3. 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 correctly and included in the council’s computerised accounting system. It shall be treated as confidential subject to relevant legislative requirements.
- 7.5. An effective system of personal performance management should be maintained for the senior officers.
- 7.6. Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.
- 7.7. Before employing interim staff, the council must consider a full business case.

## **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/Welsh Assembly Government (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. 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.
- 8.4. 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. All investments of money under the control of the council shall be in the name of the council.
- 8.5. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.6. 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 the council's regulation of payments.

## **9. Income**

- 9.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 9.2. 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
- 9.3. The council will review all fees and charges following a report of the Clerk.
- 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
- 9.5. 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.
- 9.6. 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 promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 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.

## **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, balancing the need for the goods or services, costs and charges, quality, availability, reliability etc. An officer issuing an official order shall ensure as far as reasonable and practicable that the right terms are obtained in respect of each transaction. Seeking tenders, quotations or estimates will rest on the circumstances, the potential identifiable suppliers, history of satisfactory supplies, etc. The council will decide how best to achieve these balances on a case by case basis, wherever the circumstances or sums involved demand their involvement.
- 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 will take steps to record the power being used.

## **11. Major Supply and Service Contracts**

11.1. Procedures as to such contracts are laid down as follows:

- a) Such contracts shall comply with these regulations, unless the council determines otherwise and to the extent that such variation is permitted in legislation, or in case of emergency, or in the cases (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 and RFO shall act after consultation with the Chairman and Vice Chairman of council); and
  - 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>2</sup>.
- 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>3</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.

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<sup>2</sup> The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

<sup>3</sup> Thresholds currently applicable are:

- a) For public supply and public service contracts 209,000 Euros (£181,302)
- b) For public works contracts 5,225,000 Euros (£4,551,413)

e) Such 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. 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 in the presence of at least one member of council.

g) Any invitation to tender issued under this regulation shall be subject to Standing Orders and shall refer to the terms of the Bribery Act 2010.

h) When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the council will decide at a meeting how to proceed, as a choice between the Clerk/RFO obtaining 3 quotations (priced descriptions of the proposed supply); or obtaining 3 estimates, in each case dependant on finding acceptable sources of the goods or services. Otherwise, Regulation 10.2 above shall apply.

i) The council shall not be obliged to accept the lowest or any tender, quote or estimate and has discretion on how it deploys the council's resources in service of its parish.

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 except as part of a fresh endeavour to source a suitable supplier.

## **12. Payments under contracts for building or other construction works**

12.1. Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon the achievement of the relevant stage of the contract (subject to any percentage withholding as may be agreed in the particular contract).

12.2. 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 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 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 council's Caretaker, supervised by the Clerk, is responsible for the care and custody of stores and equipment in his care and control. The council accounts for its resources on a receipts and payments basis and therefore does not account for stock held in the normal course of trade, having accounted for its use at the time of purchase.

13.2. Capital items of equipment are held on the council's assets register in accordance with proper practice until their disposed.

## **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 RFO 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 or is covered in the relevant Delegation.
- 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 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 and safety inspection of assets.

## **15. Insurance**

- 15.1. Following the annual risk assessment (per Regulation 16), the Clerk/RFO shall effect all insurances and negotiate all claims on the council's insurers.
- 15.2. The RFO shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.
- 15.3. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to council at the next available meeting.
- 15.4. 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 by the council.

## **16. Risk management**

- 16.1. The council is responsible for putting in place arrangements for the management of risk. The Clerk/RFO shall prepare, for approval by the council, risk management policy statements in respect of the council's activities. When considering any new activity, the Clerk/RFO shall consider risk management aspects for consideration by the council.

## **17. Suspension and revision of Financial Regulations**

- 17.1. It shall be the duty of the council to review its Financial Regulations from time to time, including this advisory guidance. 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 this document.
- 17.2. The council may suspend any part of its Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented to all members of council. The advice and guidance in this document is taken as good practice which the council will seek to follow so far as its resources allow, but its own Financial Regulations will take precedence.

**Amended September 2023**