

North Hinksey Parish Council

Financial Regulations

November 2020

PREFACE

This booklet contains the Financial Regulation of North Hinksey Parish Council and should be read in addition to the Parish Council’s Standing Orders. These Financial Regulations adopted by Council at its meeting on 26th November 2020. The Financial Regulations apply to ensure that the Parish Council operates on good financial management principles and systems.

If the words “ the Council or Local Council” are used, it means North Hinksey Parish Council.

(In the following pages where appropriate use of the word “he” is used it is include the meaning “she”).

INDEX

FINANCIAL REGULATIONS

	Pages		Pages
Preface	2	Orders for Work, Goods and Services	9
General	3	Contracts	10/11
Annual Estimates (Budget)	4	Payments Under Contracts for Building or Other Works	12
Budgetary Control	4/5		
Accounting and Audit	5/6	Assets, Properties and Estates	12/13
Banking Arrangements Etc.	6/7	Insurance	13
Payment of Salaries	8	Charities	13
Loans and Investments	8/9	Risk Management	13
Income	9	Suspension and Revision of Financial Regulations	14

NORTH HINKSEY PARISH COUNCIL

FINANCIAL REGULATIONS

1. GENERAL

- 1.1 These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. **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 financial control, which facilitates the effective exercise of the council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption.**
- 1.2 The council's accounting control systems must include measures:
- a). for the timely production of accounts;
 - b). that provide for the safe and efficient safeguarding of public money;
 - c). to prevent and detect inaccuracy and fraud; and
 - d). Identifying the duties of officers.
- 1.3 These financial regulations are designed to demonstrate how the council meets these responsibilities *and requirements*.
- 1.4 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council. The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the Council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the Council are maintained and kept up to date in accordance with proper practices.
- 1.5 The RFO shall produce financial management information as required by the Council.
- 1.6 At least once a year, prior to approving the Annual Return, the Council shall conduct a review of the effectiveness of its system of internal control, which shall be in accordance with proper practices and also review the effectiveness of the Internal Audit provision.
- 1.7 In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any other superseding legislation, and then in force unless otherwise specified.
- 1.8 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability in local Councils in England and Wales – a Practitioners' Guide which is published jointly by NALC and SLCC and updated from time to time.

2. ANNUAL ESTIMATES (BUDGET)

2.1 Each Committee shall formulate and submit proposals to the Finance and General Purposes Committee in respect of revenue and capital expenditure, new bids and any proposed use of reserves and sources of funding for the following financial year not later than the end of October each year.

The Finance and General Purposes Committee will in turn recommend to Council a recommended Council Tax Precept for the following financial year.

2.2 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Finance and General Purposes Committee and subsequently Council.

2.3 The Council shall review the budget not later than the end of December each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.

2.4 The annual budgets shall form the basis of financial control for the ensuing year.

2.5 The Council shall consider the need for and shall have regard to a three-year forecast of Revenue and Capital Receipts and Payments, which may be prepared at the same time as the annual Budget.

3 BUDGETARY CONTROL AND AUTHORITY TO SPEND

3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.

3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure, unless the Council has approved the virement of funds to cover any overspending. 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.

3.3 The RFO shall at least three times a year provide the Finance and General Purposes Committee with budget monitoring statements of receipts and payments to date under each main heading of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget and highlighting material differences.

3.4 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1,500. In particular, urgent matters relating to the carrying out of statutory and legal responsibilities, or essential works relating to health and safety would fall into this category.

3.5 The Chairman and Vice-Chairman of the Council and one other Committee Chairman (or in the absence of the Chairman and/or the Vice Chairman their positions being covered by any other Committee Chairman, with a total of three Chairmen required at all times to provide approval) may incur expenditure on

behalf of the Council under the same provisions as in item 3.4, subject to a limit of £5,000.

For any expenditure under the terms of item 3.4 or 3.5 the Clerk shall report the action to the Council as soon as practicable thereafter.

- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve or approved as a carry-forward by resolution of the Council.
Changes in earmarked reserves shall be approved by council as part of the budgetary control process.
- 3.7 Salary budgets are to be reviewed at least yearly in (October) for the following financial year and if a salary award is still being nationally negotiated, then an estimate of the increase included in the budget process.
- 3.8 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 3.9 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

4. ACCOUNTING AND AUDIT (*INTERNAL AND EXTERNAL*)

- 4.1 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.
- 4.2 The RFO shall complete the Annual Financial Statements of the Council, including the Council's Annual Return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council, for approval by resolution no later than 30 June each year.
- 4.3 The RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- 4.4 The RFO shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- 4.5 The Internal Auditor shall be appointed by and shall carry out the work required by the council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing, or in person, on a regular basis with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and independence, the internal auditor shall

be free from any conflicts of interest, including those arising from family relationships, and have no involvement in the financial decision-making, management, or control of the council.

Internal or external auditors may not under any circumstances;

- a). perform any operational duties for the council;
- b). initiate or approve accounting transactions; or
- c). direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

4.6 The RFO shall make arrangements for the 'exercise of electors rights' in relation to the inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.

4.7 The RFO shall, as soon as practicable, bring to the attention of all councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

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 reviewed every five years for efficiency and cannot be delegated to a committee.

5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO and, together with the 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 two cheque signatories. The detail to be shown in the Minutes of the Meeting. 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 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 shall be signed by two authorised signatories, one of which should also sign the cheque book stub, and then be countersigned by the Clerk. If a councillor who is a signatory to the bank account has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that Councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and/or permissible to be a signatory to the transaction in question.

5.4 All payments shall be effected by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of Council.

5.5 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods, or services to which the invoice relates shall have been received, carried out, examined and approved.

5.6 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.

- 5.7 If thought appropriate by the Council, the following methods of payment may be adopted:
- a). Payment for utility supplies (energy, telephone, water) and any National Non-Domestic Rates may be made by variable Direct Debit.
 - b). Salary and other appropriate payments by Bankers Standing Orders.
 - c). Payment for certain items may be made by BACS or CHAPS methods provided the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories are retained and reported to Council.
 - d). Internet Banking and transfers, providing evidence is retained to show who approved or authorised the payment. In the case of internet banking the Clerk (RFO) shall be appointed as the Service Administrator and have access to online banking in order to arrange transfers and to initiate payments which subsequently require approval by two cheque signatories.
 - e). If the Council decide to have its own debit card it will be specifically restricted to the Clerk(RFO) and have a single transaction maximum value of £500. Balances on the debit card must be repaid in full each month.
- 5.8 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.
- 5.9 The Council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used.
- 5.10 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.
- 5.11 The Clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
- a). If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, or required under the Public Contracts Regulations 2015 and the due date for payment is before the next scheduled Meeting of Council (urgent payment), where the Clerk/RFO certify that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 5.6) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
 - b). Fund transfers within the council's banking arrangements providing the transfer is reported to the next meeting of the council.
- 5.12 Where an urgent payment of an invoice is required before the next Council meeting, then authority to pass the invoice for payment rests with two of the Council's committee chairmen. In authorising the payment they must satisfy themselves as to the nature of the expenditure and that a budget exists to

finance it. Expenditure incurred by this means must be reported to the next Parish Council meeting.

- 5.13 Any changes in the banking or signature arrangements must be reported to and agreed by Council.
- 5.14 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement.
 - a). The RFO may maintain a petty cash float of up to £100 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
 - b). Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
 - c). Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under 5.2 above.

6 PAYMENT OF SALARIES

- 6.1 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 salaries shall be as agreed by Council.
- 6.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council Meeting.
- 6.3 Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a confidential record. This confidential record is 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 either the internal or external auditor.

7 LOANS AND INVESTMENTS

- 7.1 All loans and investments shall be negotiated in the name of and approved by the Council and shall be for a set period in accordance with Council policy.
- 7.2 The Council shall consider the need for an Investment Policy, which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Policy shall be reviewed at least annually.
- 7.3 All investments of money under the control of the Council shall be in the name of the Council.

7.4 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 terms and conditions of borrowings shall be reviewed at least annually.

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

8 INCOME

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

8.2 Particulars of all charges to be made for work done, services rendered or goods supplied 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.

8.3 The Council will review all fees and charges annually, following a report of the Clerk.

8.4 Any bad debts amounting to less than £250 may be written off by the RFO but reported to the Council at the next appropriate meeting

8.5 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.

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

8.7 Personal cheques shall not be cashed out of money held on behalf of the Council.

8.8 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 years end.

8.9 Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

9 ORDERS FOR WORK, GOODS AND SERVICES

9.1 Where appropriate 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.

9.2 Order books shall be controlled by the RFO.

9.3 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. Where the expected cost is to exceed £5,000, three or more

quotations or estimates must be obtained from appropriate suppliers, unless the Chairman of the Council, the Chairman of the spending committee and the Clerk/RFO agree that it is impractical to do so.

- 9.4 A member may not issue an official order or make any contact on behalf of the council.
- 9.5 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, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

10 CONTRACTS

10.1 Procedures as to contracts are laid down as follows:

- (a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:
- (i) for the supply of gas, electricity, water, sewerage and telephone services;
 - (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
 - (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
 - (v) for additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of Council);
 - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (b) Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations¹
- (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

¹ 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

Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)²

- (d) When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- (e) 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) If less than three tenders are received for contracts above £60,000, or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (h) Any invitation to tender issued under this regulation shall contain reference to the relevant section of the Standing Orders and shall refer to the terms of the Bribery Act 2010.
- (i) When it is to enter into a contract 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 Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £5,000 the RFO shall strive, if practical, to obtain alternative quotations.
- (j) The Council shall not be obliged to accept the lowest or any tender, quote, or estimate.
- (k) Should it occur that the council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allowed and the council requires further pricing, providing 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.

² For contracts commencing on or after 1 January 2020 the thresholds are: • contracts for works: £4,733,252 • contracts for supplies and services: £189,330

11. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 11.1 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).
- 11.2 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.
- 11.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and the Clerk to confirm to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

12 ASSETS, PROPERTIES AND ESTATES

- 12.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all properties owned 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.
- 12.2 No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of without the authority of the full 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.
- 12.3 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 the valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 12.4 No 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 the valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).
- 12.5 Subject only to the limit set in Regulation 12.2 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.
- 12.6 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.

13 INSURANCE

- 13.1 Following the annual risk assessment (per Financial Regulation 17), the RFO and Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 13.2 The Clerk shall give prompt notification to the RFO of all new risks, properties, or vehicles which require to be insured and of any alterations affecting existing insurances.
- 13.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 13.4 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.
- 13.5 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 annually by the council, or duly delegated committee..

14 CHARITIES

- 14.1 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.

15 RISK MANAGEMENT

- 15.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk, with the RFO, shall prepare, for approval by the council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
- 15.2 When considering any new activity, the Clerk, with the RFO, shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

16 SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 16.1 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 the Council, suspend any part of these Financial Regulations provided that reasons for suspension are recorded and that an assessment of the risk arising has been drawn up and presented in advance to all members of the council.