

# **UPTON GREY PARISH COUNCIL**

## **FINANCIAL REGULATIONS**

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## 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. Financial regulations must be observed in conjunction with the council's standing orders.
- 1.2. The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
- 1.3. The council's accounting control systems must include measures:
  - for the timely production of accounts;
  - that provide for the safe and efficient safeguarding of public money;
  - 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. The Responsible Financial Officer holds a statutory office. For Upton Grey Parish Council the CLERK is appointed as Responsible Financial Officer.
- 1.7. The CLERK;
  - acts under the policy direction of the council;
  - administers the council's financial affairs in accordance with all Acts, Regulations and proper practices;
  - determines on behalf of the council its accounting records and accounting control systems;
  - ensures the accounting control systems are observed;
  - maintains the accounting records of the council up to date in accordance with proper practices;
  - assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
  - produces financial management information as required by the council.

- 1.8. The accounting records determined by the CLERK shall be sufficient to show and explain the council's transactions and to enable the CLERK 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.
- 1.9. The accounting records determined by the CLERK 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; and
  - a record of the assets and liabilities of the council.
- 1.10. The accounting control systems determined by the CLERK 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; and
  - measures to ensure that risk is properly managed.
- 1.11. In addition the council must:
- determine and keep under regular review the bank mandate for all council bank accounts;
  - approve any grant; and
  - in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the National Agreement on Pay and Conditions of Service of the National Joint Council ("the NJC") for Local Government Services.
- 1.12. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations 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 CLERK 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 shall be appointed to verify bank reconciliations (for all accounts) produced by the CLERK. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council at the next council meeting.
- 2.3. The CLERK 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 its system of internal control in accordance with proper practices. The CLERK will supply such documents and records necessary for the purpose of the audit to internal auditor.
- 2.5. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.
- 2.6. The internal auditor shall:
  - be competent and independent of the financial operations of the council;
  - provide one annual written report each financial year;
  - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest; and
  - have no involvement in the financial decision making, management or control of the council.
- 2.7. The CLERK 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 any notices and statements of account required by the Accounts and Audit Regulations.
- 2.8. The CLERK shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

### **3. ANNUAL BUDGET AND FORWARD PLANNING**

- 3.1. The CLERK must each year, by no later than October, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a proposed budget to be considered by the council.
- 3.2. The council shall consider the annual budget proposal including recommendations for the use of reserves and sources of funding no later than the end of November each year .
- 3.3. The council shall fix the precept (council tax requirement) not later than by the end of January each year. The CLERK shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.4. The approved annual budget shall form the basis of financial control for the ensuing year.

### **4. BUDGETARY CONTROL AND AUTHORITY TO SPEND**

- 4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by
  - the council for all items over £100;
  - or the CLERK, in conjunction with Chairman of Council for any items below £100 with report of such expenditure at the next council meeting.

Such authority is to be evidenced by a Minute at the next council meeting following the payment .

- 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.
- 4.3. The salary budgets are to be reviewed at least annually in October for the following financial year. The CLERK will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.4. In cases of extreme risk to the delivery of council services, the CLERK may authorise revenue expenditure on behalf of the council which in the CLERK's judgement it is necessary to carry out, subject to a limit of £500. The CLERK shall report such action to the Chairman as soon as possible and to the council at the next council meeting.

- 4.5. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the council is satisfied that the necessary funds are available.
- 4.6. The CLERK shall regularly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned as shown in the budget. These statements are to be prepared at least quarterly and at the end of each financial year.
- 4.7. 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 CLERK 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. The CLERK shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the council meeting and, together with the relevant invoices, present the schedule to council for approval and authorisation. The approved schedule shall be initialled by the Chairman and a detailed list of all payments included in the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses) may be summarised to remove public access to any personal information.
- 5.3. All invoices for payment shall be examined, verified and certified by the CLERK 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 CLERK shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The CLERK shall take all steps to pay all invoices submitted, and which are in order, at the next council meeting.
- 5.5. The CLERK 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 where the CLERK certify that there is no dispute or other reason to delay payment and a list of such payments is submitted to the next meeting of council
  - b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) and a list of such payments is submitted to the next meeting of council; or

- c) fund transfers within the councils banking arrangements up to the sum of £10,000, provided the list of such payments is submitted to the next meeting of council

- 5.6 For each financial year the CLERK shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively, Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which council may authorise payment for the year) provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to and a list of such payments is submitted to the next meeting of council
- 5.7. A record of regular payments made under 5.6 above shall be drawn up and be signed by two members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and / or made.
- 5.8. Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.
- 5.9. Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member.

## **6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS**

- 6.1. The council will make safe and efficient arrangements for the making of its payments.
- 6.2. Following authorisation under Financial Regulation 5 above, the CLERK shall give instruction that a payment shall be made.
- 6.3. All payments shall be effected by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of Council.
- 6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council shall be signed by two members of council in accordance with a resolution instructing that payment.
- 6.5. To indicate agreement of the details shown on the cheque or order for payment with the CLERK and the invoice or similar documentation, the signatories shall each also initial the invoice or similar documentation.
- 6.6. Cheques or orders for payment shall not normally be presented for signature other than at a council meeting. Any signatures obtained away from such meetings shall be reported to the council at the next council meeting.
- 6.7. If thought appropriate by the council, payment for certain items (principally Salaries) may be made by Banker's Standing Order provided that the instructions are signed,



or otherwise evidenced by two members, are retained and any payments are reported to council as made. The approval of the use of a Banker's Standing Order shall be renewed by resolution of the council at least every two years.

- 6.8. If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 6.9. If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.10. No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council.
- 6.11. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question.
- 6.12. 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.
- 6.13. Where internet banking arrangements are made with any bank, the CLERK 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.
- 6.14. Access to any internet banking accounts will be directly to the access page 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.
- 6.15. 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 and a member.
- 6.16. The council will not maintain any form of cash float. All cash received must be banked intact.

## **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.
- 7.2. Payment of salaries and payment of deductions from salary will be reported to the next 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.

## **8. LOANS AND INVESTMENTS**

- 8.1. All borrowings shall be effected in the name of the council, after obtaining any necessary borrowing approval including approval by council.
- 8.2. 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. Any Strategy and Policy shall be reviewed by the council at least annually.
- 8.3. All investments of money under the control of the council shall be in the name of the council and all investment certificates and other documents relating thereto shall be retained in the custody of the CLERK.
- 8.4. 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 Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for 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 CLERK.
- 9.2. All sums received on behalf of the council shall be banked intact as directed by the CLERK with such frequency as the CLERK considers necessary.
- 9.3. The Clerk 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.

## **10. PROCUREMENT OF WORK, GOODS AND SERVICES**

- 10.1. An official instruction letter shall be issued and copy retained by the CLERK for all work, goods and services carried out on behalf of the council, unless a formal contract is to be prepared.
- 10.2. The council is responsible for obtaining value for money at all times and shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction by obtaining three or more quotations from appropriate suppliers, subject to provisions in Regulation 10.6 below.
- 10.3. A member may not issue an official order, instruction letter or make any contract on behalf of the council.
- 10.4. The CLERK 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 clerk 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.
- 10.5. The council shall not be obliged to accept the lowest or any quote, tender or estimate
- 10.6. Procedures as to the procurement of goods and services are laid down as follows:
  - a. Every contract shall comply with these financial regulations, and no exceptions shall be made.
  - b. Where it is intended to enter into a contract exceeding £5,000 in value the Clerk shall invite tenders from at least three firms.
  - c. 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 are addressed to the Clerk.
  - d. 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.
  - e. If less than three tenders are received for contracts above £5,000 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.
  - f. Any invitation to tender issued under this regulation shall be subject to Standing Orders regarding the declaration of personal and pecuniary interest and shall refer

to the terms of the Bribery Act 2010.

- g. When it is to enter into a contract of less than £5,000 in value the council will determine at a council meeting whether 3 estimates are required, this and the justification for the decision shall be minuted and the CLERK then obtain the necessary estimates.

## **11. ASSETS AND PROPERTIES**

- 11.1. The CLERK shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the council and shall maintain a record in accordance with Accounts and Audit Regulations.
- 11.2. No property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the council (including an adequate level of consultation with the electorate), together with any other consents required by law.
- 11.3. The CLERK 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.

## **12. INSURANCE**

- 12.1. Following the annual risk assessment (per Financial Regulation 13), the CLERK shall effect all insurances and negotiate all claims on the council's insurers.
- 12.2. The CLERK shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.
- 12.3. The CLERK 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.
- 12.4. 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.

## **13. RISK MANAGEMENT**

- 13.1. The council is responsible for putting in place arrangements for the management of risk. The CLERK shall prepare, for approval by the council, risk management 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.

#### **14. REVISION OF FINANCIAL REGULATIONS**

- 14.1 The council shall review the Financial Regulations of the council annually. The CLERK shall monitor changes in legislation and proper practices and advise the council of any requirement for an amendment to these regulations.

**Signed Chairman**

**Signed Clerk**

**Date**