



GREAT GLEN PARISH COUNCIL

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FINANCIAL REGULATIONS

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1. GENERAL

- 1.1 These Financial Regulations govern the conduct of financial management by the Parish Council and may only be amended or varied by resolution of the Parish Council. Financial Regulations are one of the Parish Council's three governing policy documents providing procedural guidance for members and officers. Financial Regulations must be observed in conjunction with the Parish Council's Standing Orders and any individual financial regulations relating to contracts.
- 1.2 The Parish Council is responsible in law for ensuring that its financial management is adequate and effective, and that the Parish Council has a sound system of internal control which facilitates the effective exercise of the Parish Council's functions, including arrangements for the management of risk.
- 1.3 The Parish 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
 - identifying the duties of officers
- 1.4 These financial regulations demonstrate how the Parish Council meets these responsibilities and requirements.
- 1.5 At the first Finance Committee Meeting of each year, prior to approving the Annual Governance Statement, the Parish 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 these Regulations by an employee may give rise to disciplinary proceedings.
- 1.7 Members of Parish Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Parish Council into disrepute.
- 1.8 The Parish Manager has been appointed as RFO for this Parish Council and these regulations will apply accordingly.
- 1.9 The RFO
- acts under the policy direction of the Parish Council
 - administers the Parish Council's financial affairs in accordance with all Acts, Regulations and proper practices
 - determines on behalf of the Parish Council its accounting records and accounting control systems
 - ensures the accounting control systems are observed
 - maintains the accounting records of the Parish Council up to date in accordance with proper practices
 - assists the Parish Council to secure economy, efficiency and effectiveness in the use of its resources, and
 - produces financial management information as required by the Parish Council.
- 1.10 The accounting records determined by the RFO shall be sufficient to show and explain the Parish 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 Parish Council from time to time comply with the Accounts and Audit Regulations.
- 1.11 The accounting records determined by the RFO shall contain:
- entries from day to day of all sums of money received and expended by the Parish 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 Parish Council and
- wherever relevant, a record of the Parish 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 Parish 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 uncollectable amounts, including any bad debts are not submitted to the Parish 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 Parish 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 Parish Council only.

1.14 In addition the Parish Council must:

- determine and keep under regular review the bank mandate for all Parish Council bank accounts, at least quarterly.
- approve any grant or a single commitment in excess of £5,000 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 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 Parish 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, the Parish Council will verify the bank reconciliation produced by the RFO.
- 2.3 The RFO shall complete the annual statement of accounts, annual report, and any related documents of the Parish 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 Parish Council within the timescales set by the Accounts and Audit Regulations.
- 2.4 The Parish Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the Parish Council shall make available such documents and records as appear to the Parish Council to be necessary for the purpose of the audit and shall, as directed by the Parish Council, supply the RFO, Internal Auditor, or External Auditor with such information and explanation as the Parish Council considers necessary for that purpose.
- 2.5 The appointed Internal Auditor shall carry out the work in relation to internal controls required by the Parish Council in accordance with proper practices.
- 2.6 The Internal Auditor shall:
- be competent and independent of the financial operations of the Parish Council
 - to demonstrate competence, objectivity, independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - have no involvement in the financial decision making, management or control of the Parish Council.
- 2.7 Internal or External Auditors may not under any circumstances:
- perform any operational duties for the Parish Council
 - initiate or approve accounting transactions; or
 - direct the activities of any Parish 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 Parish Council.
- 3.2 The Parish Council shall consider annual budget proposals in relation to the Parish Council plans.
- 3.3 The Parish 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 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.

4.2 Contracts may not be disaggregated to avoid controls imposed by these regulations.

4.3 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 Parish Council.

4.4 During the budget year and with the approval of Parish Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').

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

4.6 In cases of extreme risk to the delivery of Parish Council services, the Parish Manager may authorise revenue expenditure on behalf of the Parish Council which in the Parish Manager'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 £10,000. The Parish Manager shall report such action to the Chair as soon as possible and to the Parish Council as soon as practicable thereafter.

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

4.8 All capital works shall be administered in accordance with the Parish Council's Standing Orders and Financial Regulations relating to contracts.

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

4.10 Changes in earmarked reserves shall be approved by Finance Committee as part of the budgetary control process.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

5.1 The Parish Council's banking arrangements are regularly reviewed.

5.2 A summary of the monthly income and expenditure shall be disclosed as an appendix to the Minutes of the next available Full Parish Council 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 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 Parish Council.

5.4 The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted.

5.5 The RFO shall have delegated authority to authorise all payments provided that a list of such payments shall be submitted to the next appropriate meeting of Parish Council.

5.6 At the beginning of the financial year the RFO will present a list of regular payments (such as but not exclusively, salaries, PAYE and NI, superannuation fund and regular maintenance contracts).

5.7 Members are subject to the Code of Conduct that has been adopted by the Parish 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.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

6.1 The Parish Council will make secure and efficient arrangements for the making of its payments.

6.2 Payments will be made electronically.

6.3 Payments drawn on the bank shall be signed by two members of the Parish Council. A member who has a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.

6.4 The invoice is checked against the electronic payment print-out, both documents are initialled.

6.5 Payment for utility supplies (energy, telephone and water) and any non-domestic rates may be made by variable direct debit.

6.6 No employee shall disclose any PIN or password, relevant to the working of the Parish Council or its bank accounts, to any person not authorised in writing by the Parish Council.

6.7 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.

6.8 The Parish Council will ensure a high level of security is maintained.

6.9 The Parish Manager shall be appointed as the Service Administrator. Chair will be approved to authorise transactions.

6.10 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 Parish Council banking work. Breach of this Regulation will be treated as a very serious matter under these Regulations.

6.11 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 RFO. A programme of regular checks of standing data with suppliers will be followed.

6.12 Any corporate credit card account opened by the Parish Council will be specifically restricted to use by the Parish Manager or under instruction to other members of staff and shall be subject to automatic payment in full at each month-end.

7. PAYMENT OF SALARIES

7.1 As an employer, the Parish 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 Parish 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.

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 Parish 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 confidential. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:

- a) by any Parish Councillor who can demonstrate a need to know
- b) by the Internal Auditor
- c) by the External Auditor or
- d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.

7.5 The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.

7.6 Any termination payments shall be supported by a clear business case and reported to the Parish Council. Termination payments shall only be authorised by Parish Council.

7.7 Before employing interim staff the Parish Council must consider a full business case.

8. LOANS AND INVESTMENTS

8.1 All borrowings shall be effected in the name of the Parish Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Parish Council as to terms and purpose. The application for borrowing approval, and subsequent arrangements for the loan shall only be approved by full Parish 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 Parish Council. In each case a report in writing shall be provided to Parish 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 Parish Council and shall be for a set period in accordance with Parish Council policy.

8.4 The Parish 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 Parish Council at least annually.

8.5 All investments of money under the control of the Parish Council shall be in the name of the Parish Council.

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

8.7 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 Parish Council shall be the responsibility of and under the supervision of the RFO.

9.2 Particulars of all recharges to be made for work done, services rendered or goods supplied shall be the responsibility of the RFO.

9.3 The Parish Council will periodically review all fees and charges.

9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Parish Council and shall be written off in the year.

9.5 All sums received on behalf of the Parish Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Parish 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 Parish 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 Parish Council, the RFO shall take such steps as are agreed by the Parish 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 and is generally understood to include all fixed assets.
- 10.2 The RFO is responsible for obtaining value for money at all times.
- 10.3 A member may not issue an official order or make any contract on behalf of the Parish Council.
- 10.4 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments.

11. CONTRACTS

- 11.1 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 this regulation need not apply to contracts which relate to items (i) to (vi) below:
- I. for the supply of gas, electricity, water, sewerage, internet 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 Parish Council
 - V. for additional audit work of the external auditor the RFO shall act after consultation with the Chair and Vice Chair of Parish 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 Parish 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 Parish Council shall comply with the relevant requirements of the Regulations.
- c) 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 Parish Council.
- d) Such invitation to tender shall state the general nature of the intended contract and the Parish Manager 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 Parish Manager 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.
- e) All sealed tenders shall be opened at the same time on the prescribed date by the Parish Manager in the presence of at least one member of Parish Council.

- f) 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.
- g) 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 RFO shall obtain quotations (priced descriptions of the proposed supply); Otherwise, Regulation 10 (3) above shall apply.
- h) The Parish Council shall not be obliged to accept the lowest or any tender, quote, or estimate.
- i) Should it occur that the Parish Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Parish 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.

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 authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2 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 Parish Council.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Parish Council and Parish Manager to the contractor in writing, the Parish Council being informed where the final cost is likely to exceed the financial provision.

13. STORES AND EQUIPMENT

- 13.1 The Parish Manager shall be responsible for the care and custody of office stores and equipment.
- 13.2 Deliveries must be checked as to order and quality at the time delivery is made.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

14. ASSETS, PROPERTIES AND ESTATES

- 14.1 The Parish Manager shall make appropriate arrangements for the custody of all Title Deeds and Land Registry Certificates of properties held by the Parish Council. The RFO shall ensure a record is maintained of all properties held by the Parish 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 over the value of £5,000, sold, leased, or otherwise disposed of over the value of £250, without the authority of the Parish Council.
- 14.3 No real property (interests in land) shall be sold, leased, or otherwise disposed of without the authority of the Parish Council, together with any other consents required by law. In each case a report in writing shall be provided to Parish 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 Parish Council. In each case a report in writing shall be provided to Parish Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants).
- 14.5 Subject only to the limit set in Reg. 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full Parish Council. In each case a report in writing shall be provided to Parish Council with a full business case.

- 14.6 The RFO shall seek to 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 the first Finance Committee Meeting in each financial year.

15. INSURANCE

- 15.1 Following the annual risk assessment (per Financial Regulation 17), the RFO shall effect all insurances.
- 15.2 The Parish Manager will notify Parish Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances effected by the Parish Council and the property and risks covered thereby and annually review it.
- 15.4 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 Parish Council at the next available meeting.
- 15.5 All appropriate members and employees of the Parish 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 Parish Council, or duly delegated committee.

16. CHARITIES

- 16.1 Where the Parish Council is sole managing trustee of a charitable body the Parish Manager 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 Parish Manager shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

17. RISK MANAGEMENT

- 17.1 The Parish Council is responsible for putting in place arrangements for the management of risk. The Parish Manager shall prepare, for approval by the Parish Council, risk management policy statements in respect of all activities of the Parish Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Parish Council at least annually.
- 17.2 When considering any new activity, the Parish Manager shall prepare a draft risk assessment.

18. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 18.1 It shall be the duty of the Finance Committee to review the Financial Regulations of the Parish Council from time to time. The Parish Manager shall make arrangements to monitor changes in legislation or proper practices and shall advise the Parish Council of any requirement for a consequential amendment to these financial regulations.
- 18.2 The Finance Committee may, by resolution of the Parish Council, duly notified prior to the relevant meeting of the Parish Council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of the Parish Council.