

# Financial Regulations

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## **Definitions**

**Chair** – The Chairman/Chairwoman of Nocton Parish Council

**Clerk and/or Proper Officer** – The Clerk to Nocton Parish Council

**RFO** – Responsible Financial Officer

**NPC** - Nocton Parish Council

**Council** – Nocton Parish Council

**Member(s)** – All Councillors of Nocton Parish Council

**Meeting** – a meeting of the Council, any of its committees, sub-committees, joint committees or joint sub-committees.

## **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 its functions, including arrangements for the management of risk and the prevention and detection of fraud and corruption. These Financial Regulations are designed to demonstrate how the Council meets these responsibilities.
- 1.2 The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly. The RFO, acting under the 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.
- 1.3 The RFO shall produce financial management information as required by the Council.
- 1.4 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.

- 1.5 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 and then in force.
- 1.6 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 National Association of Local Councils (NALC) and Society of Local Council Clerks (SLCC) and updated from time to time.

## **2. ANNUAL ESTIMATES (BUDGET)**

- 2.1 The Council shall prepare proposals respect of revenue and capital (if any) expenditure, including the use of reserves and sources of funding for the following financial year not later than the end of October each 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 Council.
- 2.3 The Council shall review the budget and shall fix the Precept to be levied for the ensuing financial year not later than the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each Councillor with a copy of the approved budget.
- 2.4 The annual budget 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 (if any) Receipts and Payments which may be prepared at the same time as the annual Budget.

## **3. BUDGETARY CONTROL**

- 3.1 Expenditure on revenue items may be incurred up to the amounts included for that area 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 area of expenditure. 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 quarterly provide the 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 least at the end of each financial quarter.
- 3.4 The Clerk, following consultation with the Chair and/or Vice-chair, 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 £500. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out the duties of Clerk/RFO, on such items as stationary including printer inks, postage, subject to a limit of £100. Such items may be paid for by the Clerk and claimed as expenses and must be reported to the Council at the next Meeting.
- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the council.
- 3.7 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.
- 3.8 All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

#### **4. ACCOUNTING AND AUDIT**

- 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.
- 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.

- 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 the Council and shall carry out the work required in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the 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 and have no involvement in the financial decision making, management or control of the Council.
- 4.6 The RFO shall make arrangements for the opportunity for 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 CHEQUES**

- 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 regularly reviewed for efficiency.
- 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 the Council. If the schedule is in order, it shall be authorised by a Resolution of the Council

and shall be initialled by the Chairman of the Meeting. If more appropriate, the detail may be shown in the Minutes of the Meeting.

- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with para. 6.4, shall be signed by two members of the Council.
- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil and invoice.

## **6. Payment of Accounts**

- 6.1 The Council will make safe and efficient arrangements for the making of its payments.
- 6.2 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.
- 6.3 The RFO shall examine invoices in relation to arithmetical accuracy and shall analyse them under the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.4 Following authorisation under Financial Regulation 5 above, the Councilor, if so delegated, the Clerk shall give instruction that a payment shall be made.
- 6.5 All payments shall be affected by cheque or other instructions to the Council's bankers, or otherwise, in accordance with a Resolution of Council.
- 6.6 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. If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that Councilor shall not sign for that payment, unless no other Member is available, in which case a note and explanation must be made against the records.

- 6.7 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 6.8 Cheques or orders for payment shall not normally be presented for signature other than at a Council meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the Council at the next convenient meeting.
- 6.9 If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to Council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Council at least every two years.
- 6.10 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.
- 6.11 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.
- 6.12 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.
- 6.13 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.

- 6.14 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 councilor or a duly delegated committee.
- 6.15 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.
- 6.16 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.
- 6.17 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. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.
- 6.18 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.
- 6.19 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. A programme of regular checks of standing data with suppliers will be followed.
- 6.20 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.
- 6.21 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the Clerk certifies that

there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para. 6.3) 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.

- 6.22 The RFO may reimburse Councillors for expenditure incurred in connection with approved Council duties which have been approved by the Council in advance of such expenditure being incurred. Such reimbursement can only be made on production of relevant receipts which must detail any VAT paid. Such payments must be included in the Schedule referred to in para. 5.2 above.
- 6.23 The Clerk has authority to change and or bring forward by a reasonable period, any payment due which falls on a bank holiday. This includes amending Bank Standing Orders. Any amended SOs will revert to standard dates following the payments. All such amendments will be recorded in the regular Financial Report.

## **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 (Pay as You Earn) 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.
- 7.2 Payment of salaries and payment of deductions from salary such as may be made for tax and national insurance, 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.
- 7.3 The Council may employ an independent Accounting/Payroll resource to run payroll for employees on behalf of the Council. Such arrangements and costs will be agreed by Council and administered by the Clerk. Payslip copies will be retained in the financial records/invoices folder, listed in the payments log and must be available for inspection by the Council.

## **8. LOANS AND INVESTMENTS**

- 8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.



- 8.2 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.
- 8.3 All investments of money under the control of the Council shall be in the name of the Council.
- 8.4 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.
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## **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 annually, 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 Value Added Tax (VAT) Return that is required. Any repayment claim due in accordance with Section 33 of the VAT Act 1994 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 used where the RFO shall determine it appropriate to do so 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 Only the RFO may issue an Order for Works, Goods or Services.
- 10.3 Order books shall be controlled by the RFO.
- 10.4 All Councillors and employees are responsible for obtaining value for money at all times. To ensure that, as far as reasonable and practicable, the best available terms are obtained in respect of each transaction, three or more quotations or estimates from appropriate suppliers, subject to any de minimus provisions in Regulation 11 (I) below, will be obtained by the RFO.
- 10.5 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.
- 10.6 Works and orders placed on a regular basis and for a maximum value of £500 may be placed with regular suppliers provided that the arrangements are reviewed annually.

## **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 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;
- (iv) for additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk shall only act after consultation with the Chair and/or Vice-Chair);
- (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (b) Where it is intended to enter into a contract exceeding £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 para. (a) the Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.
- (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 Council.
- (d) 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.
- (e) 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.
- (f) If less than three tenders are received for contracts above £25,000 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.

- (g) 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 shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £500 the Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
- (h) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

## **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 of 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. ASSETS, PROPERTIES AND ESTATES**

- 13.1 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 any 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.
- 13.2 No property shall be 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 £50.
- 13.3 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.

#### **14. INSURANCE**

- 14.1 Following the annual risk assessment (in accordance with Financial Regulation 17), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 14.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and arrange for it to be reviewed annually by the Council prior to the relevant insurance renewal dates.
- 14.3 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.
- 14.4 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

#### **15. CHARITIES**

- 15.1 Where the Council is sole trustee of a Charitable body the Clerk or Secretary to the Charitable Trustees 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 or Secretary to the Charitable Trustees shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

#### **16. RISK MANAGEMENT**

- 16.1 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.
- 16.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

#### **17. GRANTS**

- 17.1 Applications for grants may be made to the Parish Council using the application form available from the Clerk. All applications must be addressed to the Clerk, and not to individual councillors. Grant applicants must provide evidence of a proven need for the grant and indicate to what extent their request for funding will benefit the Nocton village community.
- 17.2 Any organisation in receipt of a grant from the Parish Council must inform the Parish Clerk in writing, within 12 months, of how the grant has been spent.

## **18. PAYMENT TO COUNCILLORS**

- 18.1 Any reasonable expenses incurred by Parish Councillors in the furtherance of their duties will be reimbursed by NPC. All Members expenditure must be agreed by the Council or the Clerk in advance of it being incurred and invoices and/or receipts must be provided before reimbursement can be made.
- 18.2 Any item ordered and or purchased independently by Councillors without prior approval of the parish council will not be automatically refunded.
- 18.3 A Councillor making such an unauthorised purchase will be personally responsible for the cost incurred, unless the Parish Council determines otherwise.

## **19. BANK/DEBIT CARDS FOR EMPLOYEES AND OTHERS**

- 19.1 The Council may resolve to issue Bank/Debit Cards to named staff members and other associated named persons.
- 19.2 The purposes for which the cards are to be deployed must be recorded.  
These are as follows:
- 19.2.2 Nocton Hub named persons – for the purchase on utility consumables, such as bin bags, paper towels, cleaning materials, stationery.
- 19.2.3 Nocton PC Clerk – for the purpose of utility consumables, such as stationery, ink.
- 19.2.4. Any additional non-utility consumable purchase is by prior agreement of the PC and any such purchase made without PC agreement will result in the card holder being personally responsible for the cost incurred, unless the Parish Council determines otherwise.

19.3 The Council may decide value limits to be loaded onto the cards and may change these or withdraw the cards at any time.

19.4 All those issued with cards must submit receipts for all purchases made.

19.5 Records of all transactions must be recorded in the relevant financial reports.

## **20. RINGFENCED BANK ARRANGEMENTS FOR COUNCIL WORKING GROUP FUNDS**

20.1 The Council may resolve to accept monies from Council Working Groups within the Council Bank Account. These monies will be ringfenced for the approved activities of the Group and will be reported as separate funds.

## **21. REVISION OF FINANCIAL REGULATIONS**

21.1 It shall be the duty of the Council to review annually the Financial Regulations of the Council. 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.

Amended and Re-Adopted on Date.....10/03/2020

Review of this policy is due : October 2020
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