

PRESTON UNDER SCAR PARISH COUNCIL

FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its Meeting held on 17 February 2021.

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 are one of the Council's three governing policy documents providing procedural guidance for members and officers. Financial Regulations must be observed in conjunction with the Council's standing orders and any individual financial regulations relating to contracts.
- 1.2. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.
- 1.3. The Council's accounting control systems must include measures:
 - for the timely production of accounts;
 - that provide for the safe and efficient safeguarding of public money;
 - to prevent and detect inaccuracy and fraud; and
 - for 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 these Financial Regulations to ensure that they are fit for purpose
- 1.6. Deliberate or wilful breach of these Regulations by an employee will give rise to disciplinary proceedings and possibly prosecution.
- 1.7. Members of Council must follow the instructions within these Regulations and not entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute.
- 1.8. The Clerk, a councillor or other volunteer will be appointed by the Council to act as RFO for this Council and these Regulations will apply accordingly.

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- 1.9. The RFO;
- acts under the policy direction of the Council;
 - administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - recommends to the Council, for their approval, appropriate accounting and control systems and 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.
- 1.10. The accounting records shall be sufficient to show and explain the Council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the Council from time to time comply with the Accounts and Audit Regulations (see 1.15).
- 1.11. The accounting records shall in particular contain:
- entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate;
 - a record of the assets and liabilities of the Council; and
 - wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.12. The accounting control systems shall include:
- procedures to ensure that the financial transactions of the Council are recorded accurately and as soon as reasonably practicable;
 - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
 - measures to ensure that risk is properly managed.
- 1.13. The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:
- setting the final budget or the precept (council tax requirement);
 - approving accounting statements;
 - approving an annual governance statement;

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- borrowing;
- writing off bad debts;
- declaring eligibility for the General Power of Competence; and
- addressing recommendations in any report from the internal or external auditors,

shall be a matter for the full Council only.

1.14. In addition the Council must:

- determine and keep under regular review the bank mandate for all Council bank accounts;
- approve all grants or commitments.

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 Council shall be determined in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 2.2. At each meeting of the Council and at each financial year end a member shall verify bank reconciliations for all accounts produced by the RFO. 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, and be noted by the Council.
- 2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the Council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the Council within the timescales set by the Accounts and Audit Regulations.
- 2.4. The Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the Council shall make available such documents and records as appear to the Council to be necessary for the purpose of the audit and shall, as directed by the Council, supply the RFO, internal

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auditor, or external auditor with such information and explanation as the Council considers necessary for that purpose.

- 2.5. The internal auditor shall be appointed by the Council 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;
 - report to Council in writing once a year prior to the Council's approval of the Annual Governance statement;
 - demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships.
- 2.7. Internal and external auditors may not under any circumstances:
 - perform any operational duties for the Council;
 - initiate or approve accounting transactions; or
 - direct the activities of any Council employees, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.8. 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.
- 2.9. The RFO shall, without 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, but no later than November, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Council.
- 3.2. The Council shall fix the precept (council tax requirement) 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.
- 3.3. The approved annual budget shall form the basis of financial control for the ensuing year.

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4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 4.1. All expenditure shall be authorised by the Council at its meetings and the Council may delegate such authorisation to a member or to the Clerk as necessary. Such authority is to be evidenced by a minute.
- 4.2. The Council has delegated full authority to the Chairman to agree to requests from the Clerk for approval of work in excess of 15 hours in a month, subject to the Chairman being satisfied that the requests are fully justified and that the Council has the funds to pay for those additional hours.
- 4.3. The salary budget shall be reviewed at least annually.
- 4.4. At the end of each financial quarter the RFO shall provide the Council with statements of: actual, aggregated receipts and payments for the financial year to date under each head of the budget; projected receipts and payments to the end of the financial year under each head of the budget; a comparison of those statements against that planned in the budget and shall show explanations of variances.
- 4.5. 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 decided by the Council and implemented by the RFO. They shall be regularly reviewed for safety and efficiency.
- 5.2. The RFO shall prepare a list of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the list to Council. The Council shall review the list for compliance and, having satisfied itself may authorise payment by a resolution of the Council. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. 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 Council.
- 5.4. The RFO shall examine invoices for accuracy and allocate them to the appropriate expenditure heading. The RFO shall take all steps to secure approval of all invoices submitted, and which are in order, at the next available council meeting.

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- 5.5. 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.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS.

- 6.1. All payments shall be effected by cheque, internet bank transfer or other instructions to the Council's bankers, or otherwise, in accordance with a resolution of Council.
- 6.2. Cheques drawn on the bank account in accordance with the list presented to Council shall be signed by two members of Council in accordance with a resolution instructing that payment. A member who is a bank signatory, having 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.
- 6.3. 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.
- 6.4. Cheques shall not be presented for signature other than at a Council meeting (including immediately before or after such a meeting).
- 6.5. Payment for items to be made by internet banking transfer shall be approved by resolution at a council meeting. Such resolution shall also identify the two councillors who will, on the bank's web site, set up and authorise the payments.
- 6.6. Where the Council's computer(s) requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, the PIN and/or Password(s) and shall be retained securely by the clerk/RFO and/or other appropriate, approved, person(s).
- 6.7. No employee or Councillor shall disclose any PIN or password for use in the Council's computer(s), relevant to the working of the Council or its bank accounts, to any person not authorised by the Council.
- 6.8. Back-up copies of the Council records on the Council's computer shall be made regularly and shall be stored securely.
- 6.9. If internet banking arrangements are made with a bank, the bank mandate, approved by the Council, shall identify the Councillors authorised to approve transactions on those accounts.
- 6.10. The Council will not maintain any form of cash float. Any cash received must be banked promptly and intact. Any payments made in cash by the RFO, for example for postage or minor stationery items, shall be refunded on a regular basis.

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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 such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available council meeting, as set out in these regulations above.
- 7.3. No changes shall be made to any employee's pay, or terms and conditions of employment without the prior consent of the Council and the employee.
- 7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate 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 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 made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.

8. LOANS AND INVESTMENTS

- 8.1. All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The application for borrowing approval, and subsequent arrangements for the loan shall only be approved by full Council.
- 8.2. All investments of money under the control of the Council shall be in the name of the council.
- 8.3. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.4. For further guidance on this matter, refer to the NALC model financial regulations.

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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. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
- 9.3. All sums received on behalf of the council shall be banked promptly and intact.
- 9.4. The origin of each receipt shall be entered on the paying-in slip.
- 9.5. Personal cheques shall not be cashed out of money held on behalf of the council.
- 9.6. 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.

10. ORDERS FOR WORK, GOODS AND SERVICES

- 10.1. An official order, letter, or email shall be issued for all work, goods and services unless a formal contract is to be prepared. Copies of orders shall be retained.
- 10.2. All members are 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. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 10.3. 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.

11. CONTRACTS

For guidance on this matter, refer to the NALC model financial regulations

12. ASSETS, PROPERTIES AND ESTATES

- 12.1. The RFO shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The RFO shall ensure a record is maintained of all properties held by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies

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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 Council.
- 12.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council.
- 12.4. No real property (interests in land) shall be purchased or acquired without the authority of the full council.
- 12.5. 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 Regulation 14), the RFO shall recommend for Council's approval the necessary insurances.
- 13.2. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 13.3. 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.
- 13.4. All appropriate members, employees and volunteers of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

14. RISK MANAGEMENT

- 14.1. The Council is responsible for putting in place arrangements for the management of risk. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 14.2. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

15. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 15.1. It shall be the duty of the Council to review these Financial Regulations at least annually.

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- 15.2. The Clerk shall monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these Financial Regulations.
- 15.3. The Council may, by resolution, duly notified prior to the relevant meeting of 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 Council.

Signed: D Brooks

Date: 17 February 2021

Name: David Brooks

Position: Chairman