

South Hinksey Parish Council

Financial Regulations

1. General

- 1.1. These Financial Regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council.
- 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 its functions, including arrangements for the management of risk.
- 1.3. The Council shall review at least once a year, prior to approving the Annual Governance Statement, the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.4. The Clerk, as the Responsible Financial Officer:
 - acts under the policy direction of the Council
 - administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices
 - 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.
- 1.5. The accounting records maintained by the Clerk shall be sufficient to show and explain the Council's transactions and to enable the Clerk to ensure that any 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.
- 1.6. 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 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.
- 1.7. 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.
- 1.8. In these Financial Regulations, the term 'proper practices' shall refer to the most recent guidance in Governance and Accountability for Local Councils – a Practitioners' Guide (England) issued by the Joint Practitioners Advisory Group, available from the websites of the National Association of Local Councils and the Society for Local Council Clerks.

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, and at each financial year end, a member other than the Chairman 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.
- 2.3. The Clerk as Responsible Financial Officer shall, as soon as possible after the financial year end at 31 March, provide:
 - each member with a statement summarising the Council's receipts and payments for the year to date for information
 - the full Council with the accounting statements for the year in the form of Section 1 of the Annual Return, as required by proper practices, for consideration and approval.
- 2.4. The Clerk shall prepare the year end accounting statements in accordance with proper practices and applying the form of accounts determined by the Council (receipts and payments, or income and expenditure) for a year to 31 March.
- 2.5. The Clerk shall present a completed draft Annual Return to each member before the end of the following month of May.
- 2.6. The Annual Return of the Council, which is subject to External Audit, including the Annual Governance Statement, shall be presented to Council for consideration and formal approval before the end of the following month of June.
- 2.7. 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.
- 2.8. The Clerk or any member of the Council shall, if the Clerk or Internal Auditor requires, make available such documents and records of the Council which appear to the Clerk or Internal Auditor to be necessary for the purpose of the audit and shall, as directed by the Council, supply the Clerk, Internal Auditor or External Auditor with such information and explanation as the Clerk or Internal Auditor considers necessary for that purpose.
- 2.9. 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.
- 2.10. The Internal Auditor shall:
 - be competent and independent of the financial operations of the Council
 - report to Council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year
 - demonstrate competence, objectivity and 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 Council.
- 2.11. Internal or External Auditors may not under any circumstances:
 - perform any operational duties for the Council
 - initiate or approve accounting transactions.

- 2.12. 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.
- 2.13. 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 shall 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.
- 2.14. The Clerk shall, without undue delay, bring to the attention of all members any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

3. Annual Estimates (Budget)

- 3.1. Each Committee (if any) shall formulate and submit proposals to the Council in respect of revenue and capital receipts and payments for the following financial year not later than the end of November each year.
- 3.2. The Clerk must each year, by no later than December, 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 relevant committee and the Council.
- 3.3. The 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 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.
- 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. During the budget year and with the approval of Council, the Clerk may move unspent and available amounts to other budget subheads ('virement').
- 4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.4. The Clerk may incur revenue expenditure on behalf of the Council in respect any repair, replacement or other work which in the Clerk's judgement is of such extreme urgency that it is necessary to carry out at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk shall report such action to the Council as soon as practicable thereafter.
- 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, or the requisite borrowing approval has been obtained.
- 4.6. All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

- 4.7. 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 shall show explanations of material variances. For this purpose, "material" shall be in excess of £100.
- 4.8. 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. 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 present it, together with the relevant invoices, to Council. The Council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the Council.
- 5.3. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the Council 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.
- 5.4. The Clerk shall examine, verify and certify all invoices for payment. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates has/have been received, carried out, examined and represents expenditure previously approved by the Council.
- 5.5. The Clerk shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 5.6. 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 or other instructions to the Council's bankers.
- 6.2. Cheques or orders for payment drawn on the bank account in accordance with the schedule referred to in Regulation 5.2 shall be signed by two members of Council in accordance with a resolution instructing that payment.
- 6.3. 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.
- 6.4. 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.

- 6.5. Cheques or orders for payment shall not normally be presented for signature other than at a Council Meeting.
- 6.6. 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 Council Meeting, where the Clerk certifies that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.5) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate Council Meeting.
- 6.7. If thought appropriate by the Council, payment for certain items such as 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 the 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.
- 6.8. 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.
- 6.9. 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.
- 6.10. 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.
- 6.11. 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 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.
- 6.12. 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 or a duly delegated committee.
- 6.13. 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.
- 6.14. 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.

- 6.15. 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.
- 6.16. 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.
- 6.17. 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 one member. A programme of regular checks of standing data with suppliers will be followed.
- 6.18. 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.

7. Payment of Salaries

- 7.1. The Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation.
- 7.2. 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.
- 7.3. Payment of salaries and payment of deductions from salary such as may be made for tax, National Insurance and pension contributions, must be made in accordance with the payroll records and on the appropriate dates, stipulated in employment contracts.

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.
- 8.2. 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.
- 8.3. 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.
- 8.4. All investments of money under the control of the Council shall be in the name of the Council.
- 8.5. All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk.
- 8.6. 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 the Clerk.
- 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 Clerk and the Clerk 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 Clerk. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Clerk 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 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.
- 9.9. Where any significant sums of cash are regularly received by the Council, the Clerk 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 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.
- 10.2. Order books shall be controlled by the Clerk.
- 10.3. All members and the Clerk are responsible for obtaining value for money as all times. The Clerk when issuing an official order is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers.
- 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.

11. Contracts

- 11.1. 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 (a) to (f) below:

- a) for the supply of gas, electricity, water, sewerage and telephone services
 - b) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants
 - c) 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
 - d) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council
 - e) for additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk shall act after consultation with the Chairman and Vice-Chairman of Council)
 - f) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- 11.2. Where the Council intends to procure or award a public supply contract, public service contract or public works contract as defined by the Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the Council shall comply with the relevant requirements of the Regulations.
- 11.3. The full requirements of the Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in the Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)[1].
- 11.4. 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.
- 11.5. The tender process for contracts for the supply of goods, materials, services and the execution of works shall include, as a minimum, the following steps:
- a) a specification for the goods, materials, services and the execution of works shall be drawn up
 - b) an invitation to tender shall be drawn up to confirm the Council’s specification; the time, date and address for the submission of tenders; the date of the Council’s written response to the tender; and the prohibition on prospective contractors contacting members or the Clerk to encourage or support their tender outside the prescribed process
 - c) the invitation to tender shall be publicly advertised in any matter that is appropriate
 - d) tenders are to be submitted in writing in a sealed, marked envelope addressed to the Clerk
 - e) tenders shall be opened by the Clerk in the presence of at least one member after the deadline for submission of tenders has passed
 - f) tenders are to be reported to and considered by the appropriate meeting of the Council or any Committee or Sub-Committee with delegated responsibility.
- 11.6. When it is to enter into a contract less than £10,000 in value for the supply of goods or materials or for the execution of works or specialist services

¹ Thresholds applicable from 1st January 2020 are:

- a. For public supply and public service contracts €214,000 (£189,330)
- b. For public works contracts €5,350,000 (£4,733,252)

other than such goods, materials, works or specialist services as are excepted as set out in Regulation 11.1 the Clerk shall obtain three quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £250 the Clerk shall strive to obtain three estimates. Otherwise, Regulation 10 (3) above shall apply.

11.7. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

12. Assets, Properties and Estates

12.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The Clerk shall ensure a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.

12.2. No 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.

12.3. 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.

13. Insurance

13.1. Following the annual risk assessment (per Regulation 14), the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.

13.2. The Clerk shall give prompt notification of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

13.3. The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

13.4. The 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.

13.5. All appropriate members and the Clerk 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. 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.

14.2. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and, if thought appropriate, adoption by the council.

15. Revision of Financial Regulations

- 15.1. It shall be the duty of the Council to review these Financial Regulations annually. 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.
- 15.2. The Council may, by resolution of the Council duly notified prior to the relevant Council Meeting, 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.

These Financial Regulations were last amended by South Hinksey Parish Council on Monday 6th July 2020.