

HENFIELD PARISH COUNCIL

FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its Meeting held on Tuesday 9th January 2018. Subsequently reviewed and approved on 3rd May 2022.

1. GENERAL PRINCIPLES & RESPONSIBILITIES

- 1.1. These Financial Regulations **govern the conduct of financial management** by the Council and **may only be amended or varied by resolution of Council**. Financial regulations are one of Council's governing policy documents providing procedural guidance for members and officers. Financial Regulations must be observed in conjunction with 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 it 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's **accounting control systems** must include measures:
 - a) For the timely production of accounts
 - b) That provide for the safe and efficient safeguarding of public money
 - c) To prevent and detect inaccuracy and fraud; and
 - d) Identifying the duties of officers.

2. HOW COUNCIL MEETS THESE RESPONSIBILITIES

- 2.1. At least once a year, prior to approving the Annual Governance Statement, the Council must **review the effectiveness of its systems of internal control** ensuring that these comply with proper practices.
- 2.2. Members of 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 Councillor into disrepute.
- 2.3. The **Responsible Financial Officer (RFO)** holds a statutory office to be appointed by Council. The Clerk has been appointed as RFO to Henfield Parish Council and these regulations will apply accordingly.
- 2.4. **The RFO:**
 - a) acts under the policy direction of Council;

- b) administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - c) determines on behalf of Council its accounting records and accounting control systems;
 - d) ensures the accounting control systems are observed;
 - e) maintains the accounting records of Council up to date in accordance with proper practices;
 - f) assists Council to secure economy, efficiency and effectiveness in the use of its resources; and
 - g) produces financial management information as required by Council.
1. The **accounting records** determined by the RFO 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 Council from time to time comply with the Accounts and Audit Regulations.
 2. The **accounting records** determined by the RFO shall in particular contain:
 - a) entries from day to day of all sums of money received and expended by Council and the matters to which the income and expenditure or receipts and payments account relate;
 - b) a record of the assets and liabilities of the Council; and
 - c) 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.
 3. The **accounting control systems** determined by the RFO shall include:
 - a) procedures to ensure that the financial transactions of Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
 - b) procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
 - c) identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
 - d) procedures to ensure that amounts that remain unpaid for a considerable time, including any bad debts, are not submitted to 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
 - e) measures to ensure that risk is properly managed.

4. **Council is not empowered** by these Regulations or otherwise **to delegate** certain specified decisions. In particular any decision regarding the following points shall be a matter for the Full Council only:
- a) setting the final budget or the precept (Council Tax Requirement);
 - b) approving accounting statements;
 - c) approving an annual governance statement;
 - d) borrowing;
 - e) writing off bad debts;
 - f) declaring eligibility for the power of well-being; and
 - g) addressing recommendations in any report from the internal or external auditors.
5. In addition, **Full Council must**:
- a) determine and keep under regular review the bank mandate for all Council bank accounts;
 - b) approve any grant or a single commitment in excess of £10,000; and
 - c) 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.
6. 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).

3. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

RFO Responsibilities

1. All **accounting procedures and financial records** of Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate Guidance and proper practices.
2. The RFO shall **complete the annual statement of accounts, annual report**, and any related documents of 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 Council within the timescales set by "the regulations".

3. 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.
4. The RFO shall, without undue delay, bring to the attention of all Councillors any **correspondence or report from internal or external auditors**.

Council & Committee Responsibilities

5. **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 Council shall make available such documents and records as appear to Council to be necessary for the purpose of the audit and shall, as directed by Council, supply the RFO, internal auditor, or external auditor with such information and explanation as Council considers necessary for that purpose.
6. **On a regular basis**, at least once in each quarter, and at each financial year end, the **Finance Risk & Change Governance Committee shall verify bank reconciliations** (for all accounts) produced by the RFO and shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification.

Auditor Requirements

7. The **internal auditor shall be appointed by** and shall carry out the work in relation to internal controls required by **Council** in accordance with proper practices.

3.8 The internal auditor shall:

- a) be competent and independent of the financial operations of Council;
- b) report to Council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
- c) to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
- d) have no involvement in the financial decision making, management or control of Council.

3.9 Internal or external auditors may not under any circumstances:

- a) perform any operational duties for Council;
- b) initiate or approve accounting transactions; or
- c) direct the activities of any Council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

1. 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.

4. ANNUAL BUDGET & PRECEPT

1. Each year by no later than November the RFO must 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 Committees and the Council.
2. Each Committee shall then formulate and submit its budget proposals for the following financial year to the Council not later than the end of December each year.
3. The Council shall consider and approve the annual budget proposals including recommendations for the use of reserves and sources of funding.
4. 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 RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.

The approved annual budget shall form the basis of financial control for the ensuing year with each Committee taking responsibility for the management of its approved portion and the individual line items contained therein.

5. PROVISIONS, RESERVES & S106 CIL FUNDS

1. As a general principle **all Provisions raised and Reserves created should be for a specific purpose** and funds placed into a named Allocated Reserve which clearly reflects the purpose for which the funds will be used in the future.
2. Any **Undistributed or General Reserve funds should be maintained within a maximum of 50% of the value of the Annual Precept amount** other than in exceptional circumstances which must be approved by Full Council.
3. There is a willingness and desire by Henfield Parish Council to **improve the infrastructure in the parish by delivering those projects listed in the communities Infrastructure Delivery Plan (IDP)**. It is acknowledged that some of the IDP projects are the sole responsibility of the parish council, whereas others will be led by other community organisations. Sustaining the clubs, societies and organisations that use our community buildings is one of the strategic priorities of Henfield Parish Council. Provisions & Reserves may be created and used to support any IDP Projects, although the levels of financial contribution from Parish Council funds may vary. CIL funds allocated to the Parish Council may also be utilised to support capital expenditure projects in the IDP.
4. In addition to the IDP which specifies capital expenditure projects there is a responsibility on the Parish Council to **maintain existing infrastructure components** within the parish and also to build reserves to pay for items which support the smooth running of the Parish Office. Specific Provisions and Allocated Reserves may be created for these purposes.

5. The implementation of **Community Infrastructure Levy will create an additional financial responsibility** on Henfield Parish Council to receive funds and to ensure that CIL funds are allocated and spent appropriately and within any time limits defined in agreements with developers. CIL will be allocated at 15% if there is no made Neighbourhood Plan (NHP) and 25% if there is a made NHP.
6. Parish Council **Financial Reserves & Provisions should be constructed to align with design principles 1 to 5** above and to ensure that funding is allocated and attracted to contribute toward the delivery of of the priorities approved or supported by the Parish Council.
7. The operation following **Provision & Allocated Reserve Categories** have been approved. The construction of these categories will allow some flexibility with the Reserve allocations reflecting differences in the timing of projects and availability of funds.

A. Village Amenities Reserves

1. Cemetery
2. Street Lights/Christmas Lights
3. Leisure Centre Car Parks and Link Road
4. Bus Shelter & Public Toilets
5. Traffic Control and Speed Indicators

B. Recreation & Open Spaces Reserves

1. Playing Fields
2. Recreation Equipment & Skate Park
3. Safe Routes, Footpaths & Bridleways
4. Tree management
5. Trails

C. Parish Council Operations Reserves

1. Election Costs
2. Office Refurbishment
3. Retirement Payments
4. Planning & Legal Costs (inc NHP)
5. Council Van/Trailer/Equipment

D. Community Facilities & Events Reserves

1. Community Events (including Summer Fayre)
2. Museum Improvements
3. Youth Services
4. Community Buildings & infrastructure

Items may be added to or removed from the IDP at Parish Council Meetings during the year as circumstances change but a review of financial provisions and reserves will normally only be undertaken annually along with the setting of budget and precept.

It is also recommended that an annual review of each of the reserve categories and provisions is undertaken in the autumn before budgets are set including a review with the Community Organisations who manage the community buildings and facilities.

8. Proposed Provision & Reserve Funds Allocation Principles & Criteria

In creating Provisions & Reserves the following principles and criteria should be considered.

- A. Provisions & Reserve funding levels should be reflective of the timeline requirements for assets to be replaced, maintained to a usable standard or in the case of projects to make a contribution toward their delivery** within the Local Plan period. This said, Council needs to be aware of the impact upon Precept levels and try to balance demand for funds with the need to spread the financial impact year on year.
- B. The purpose of Provisions and Reserve is to build up funding over a period of time to smooth the financial impact upon the annual Precept** by creating a pool of funds which can then be used to deliver larger expenditure items.
- C. Each Reserve (and where appropriate each sub-category) should have a Cap or funding limit** which when reached should result in no further provisioning taking place until funds have been disbursed wholly or in part. The Caps should reflect the likely total cost or contribution that the Parish Council will be making or is likely to need to spend when maintenance or replacement of assets becomes necessary.
- D. In the case of those assets which are owned and maintained solely by Henfield Parish Council**, the creation of Provisions & Reserves should reflect the total funding need.
- E. In the case of projects involving assets which are owned by other Community Organisations** but which are listed as priority projects in the IDP, **the Parish Council may decide to make a financial contribution** using CIL or Precept funds, including in the case of larger projects to build up Reserve funds over a period of time which can then be allocated when the project needs to be funded.
- F. To determine when the Parish Council might create a Provision or Reserve it is appropriate to consider some Contribution Approach Criteria.** These are outlined below.
- The Project or expenditure must be **endorsed by Henfield Parish Council as a priority for the community and appear in its IDP.**
 - **Where assets owned by Community Organisations are involved they will be required to apply to Henfield Parish Council for funding using a CIL Funding application form.**
 - Where Council needs to prioritise the use of available funds the **value and usage of the asset** being constructed, or improvements made **to the whole community should be considered.**
 - The **value of financial contributions** toward the project **of its members and the wider community (excluding grants or contributions by external bodies) should be considered.** The potential for the Parish Council using **CIL & Precept/Reserve monies to provide funding in addition** to the contribution of members'/community contributions up to a maximum of 50% of total project cost funded from CIL monies and up to 10% using Precept funds in Reserves. An ideal funding proposal might look like a 10-20% contribution by members and community, 10% from Henfield Parish Council, 30-50% from CIL funds 30-50% from a Grant provider, Professional Body or via a Loan.
 - **The availability of CIL funds is of course contingent upon developer contributions being available.** If projects are ready for delivery before sufficient CIL funds are available, then the Community Organisations and Parish Council would have to consider delaying the implementation or pursue alternative funding sources.

- **Henfield Parish Council Provisioning policy will seek to create Reserves which would deliver the 10% contribution during the period of the Local Plan** on the assumption that the Community Organisation is able to raise the remaining funds from other sources.
- In the case of **Community Organisation led projects** the Parish Council would seek evidence that their portion of funding is available before CIL or Precept contributions are released and that we would complete our usual due diligence that funds are being correctly spent through site of documentation including estimates, invoices etc.

6. BUDGETARY CONTROL AND AUTHORITY LEVELS

1. The RFO shall regularly provide 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.
2. **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.
3. **No expenditure may be authorised** that will cause Council to **exceed the amount approved in the annual budget** other than by resolution of Council.
4. **Individual Committees** are empowered to **manage within their individual budgets**.
5. Expenditure items that are **within the budget** already approved by Council and are **up to and including £10,000, may be paid away** in line with normal banking arrangements and will not need to be referred to Parish Council for approval. At the next Council meeting the monthly payments should be summarised and reported by way of a schedule, as an appendix to the Agenda. Councillors will be invited to question any items which will be discussed under the Finance and General Purposes section of the Agenda, to ensure full transparency. The RFO should confirm that all expenditure items listed are within Committee budgets or highlight any exceptions and the total expenditure should be noted in the minutes.
6. At Council **one item** will also be **selected at random to receive a full audit check**. This selection should be made by a Councillor who is not a member of the Finance & General Purposes Committee to ensure independence.
7. For expenditure **items above £10,000**, or those which will cause a Committee to **exceed its annual budget payment should be deferred until approval is given by Full Council**. These items should be considered under the Finance and General Purposes section of the Agenda. Councillors will be asked to approve such items before payment is made. Under normal circumstances these items will have been scrutinised and endorsed at the previous Finance and General Purposes Committee, unless timing and urgency precludes this from happening.
8. Internal fund transfers will be permitted between Parish Council bank accounts which do not exceed £25,000. Transfers in excess of £25,000 should be deferred until approved by Parish Council. All transfers between Parish Council bank accounts,

which do not exceed £25,000, should be summarised and reported to Full Council by way of a schedule, as an appendix to the Agenda.

9. In cases of **extreme risk** to the delivery of Council services, the RFO and only following consultation with the Chairman of Council or Chairman of the Finance & General Purposes Committee or the budget owning Committee Chairman may authorise expenditure on behalf of the Council which in the RFO'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 £3,000**. The RFO shall report such action to Council as soon as practicable thereafter.
10. To support efficient day to day operations the RFO has an **Expenditure Limit** which authorises him to approve amounts of **up to £300 without further reference**.
11. **Unspent provisions** in the budgets for completed projects shall not be carried forward to a subsequent year unless the cost is accrued in one financial year but not invoiced until the following financial year. In this instance an amount determined by the RFO can be accrued to the next financial year.
12. **Contracts may not be disaggregated** to avoid controls imposed by these Regulations.
13. The **salary budgets** are to be reviewed at least annually in December for the following financial year by the Finance and General Purposes Committee and such review shall be minuted and signed by the Chairman of the Committee. The RFO will inform Committees of any changes impacting on their budget requirement for the coming year in good time.
14. **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** and the requisite borrowing approval has been obtained.
15. All **capital works** shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts in place at the time.
16. **Changes in earmarked reserves** shall be approved by Council as part of the budgetary control process.

7. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 6.1 The Council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by Council; they shall be regularly reviewed for safety and efficiency.
- 6.2 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 Council.
- 6.3 The RFO shall examine invoices for arithmetical accuracy and allocate them to the appropriate expenditure heading.

- 6.4 The RFO shall have delegated authority to authorise the payment of items in the following circumstances:
- a) Where expenditure items that are **within the budget** already approved by Council and are up to and including £10,000 unless they will cause a Committee to exceed its annual budget,
 - a) 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 RFO certifies that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of Council or the Finance, Risk & Change Governance Committee.
 - b) An expenditure item authorised under 5.10 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of Council;
 - d) Internal fund transfers between Parish Council bank accounts which do not exceed £25,000.
- 6.5 In respect of grants provided from Council funds a duly authorised Committee shall approve expenditure within any limits set by Council and in accordance with any Policy statement approved by Council.
1. Members are subject to the **Code of Conduct** that has been adopted by 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.
 2. Any changes in the recorded **details of suppliers**, such as bank account records, shall be approved in writing by a Member.
- ## 8. INSTRUCTIONS FOR THE MAKING OF PAYMENTS
1. Council will make **safe and efficient** arrangements for the making of its payments.
 2. Following authorisation under Financial Regulation 5 above, Council, a duly delegated Committee or, if so delegated, the RFO or in his absence the Parish Secretary shall give **instruction that a payment shall be made**.
 3. All payments shall be made by **cheque or online electronic banking** instruction to the Council's bankers, or otherwise, in accordance with a resolution of Council or duly delegated Committee.
 4. **Cheques** or orders for payment drawn on the bank account in accordance with the Payment Authorisation schedule as presented to Council or Committee shall be **signed by two out of the eight individuals stated on the bank mandate**, in accordance with a resolution instructing that payment.

5. Payments may be made **electronically** through CHAPS or BACS using a **secure internet banking** platform solution from one of the UK High Street Banks. To facilitate electronic banking payments Council will **appoint named Originators, Authorisers and Audit Checkers** from its members and employees and these named individuals and their named roles will form part of the bank mandate. These individuals may only carry out one of these functions to maintain the principle that three separate individuals must originate, authorise and check a single payment. It is recommended that Council appoint two Originators, three Authorisers and three Audit Checkers to provide sufficient cover for absences. Payments will be included on the Payments Authorisation schedule which list those payments to be made in accordance with a resolution instructing that payment. Larger payments in excess of £5,000 which are to be made via electronic banking will require authorisation by a third Council Member before the payment is originated. This authorisation may be provided by email which should be attached to the Payment Authorisation schedule as evidence that Financial Regulations have been followed. As a best practice it is recommended that Audit Checkers who will examine electronic payments after they are released carry out this task within one month of a payment being made.
6. 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 member shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.
7. To indicate agreement of the details shown on the cheque or electronic payment with the counterfoil and the invoice or similar documentation, the signatories shall each also **initial the cheque counterfoil or the invoice/ source document** which confirms the amount to be paid.
8. If thought appropriate by 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 at least two members and any payments are reported to Council as made.
9. 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.
10. **No employee or member shall disclose any PIN or password**, relevant to the working of Council or its bank accounts, to any person not authorised in writing by Council or a duly delegated Committee.
11. Regular **back-up copies** of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
12. The Council, and any members using computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a **high level of security**, is used.

13. Where internet banking arrangements are made with any bank, **the RFO** shall be appointed as **the Service Administrator**.
 14. **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 password facilities must not be used on any computer utilised for Council banking work. Breach of this Regulation will be treated as a very serious matter.
 15. **Changes to account details for suppliers**, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the RFO and a member. A programme of regular checks of standing data with suppliers will be followed.
 16. Any **Debit Card** issued for the payment of small items such as petrol for Council vehicles, materials etc. will be specifically restricted to the RFO and Works Officer and will also be restricted to a maximum amount of £500 unless authorised by Council or relevant Committee and duly minuted before any order is placed. The limit will be set by the Finance and General Purposes Committee. Receipts will be provided by debit card holders on a monthly basis for reconciliation and auditing purposes.
- 7.17 **Personal credit or debit cards** of members or staff shall not be used under any circumstances.
- 7.18 **Petty Cash and Cash Receipts**. The RFO shall maintain a petty cash float to a maximum of £250 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment. Cash received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these Regulations.

9. PAYMENT OF SALARIES

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, or duly delegated Committee.
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.
3. **No changes** shall be made to any employee’s pay, emoluments, or terms and conditions of employment without the **prior consent of Council or the Finance, Risk & Change Governance Committee**.

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** (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
 - a) by any Council member 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.
- 4.5. **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.

10. LOANS AND INVESTMENTS

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.
2. Any **financial arrangement** which does not require formal Borrowing Approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the Full Council.
3. 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.
4. 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 Council at least annually.
5. All **investments of money** under the control of Council **shall be in the name of Council**
6. All **investment certificates** and other documents relating thereto shall be retained in the custody of the RFO.
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 6 (Authorisation of payments) and Regulation 7 (Instructions for making payments).

11. INCOME

1. The **collection of all sums due** to Council shall be the responsibility of and under the supervision of the RFO.
2. Particulars of all **charges to be made for work done**, services rendered or goods supplied shall be agreed annually by the Council. The RFO shall be responsible for the collection of all accounts due to Council.
3. The Council will **review all fees and charges at least annually**, following a report of the Clerk.
4. Any sums found to be irrecoverable and any **bad debts** shall be reported to Council and shall be written off in the year.
5. All **sums received** on behalf of 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.
6. The **origin of each receipt** shall be entered on the paying-in slip.
7. **Personal cheques shall not be cashed** out of money held on behalf of Council.
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. Where any **significant sums of cash** are regularly received by Council, the RFO shall take such steps as are agreed by 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. Any **income arising which is the property of a charitable trust** shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to Council (to meet expenditure already incurred by the authority) will be given by the Trustees of the charity (see also Regulation 16 below).

12. ORDERS FOR WORK, GOODS AND SERVICES

- 4.6. 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.
- 4.7. **Order books** shall be controlled by the RFO.
- 4.8. All members and officers are responsible for obtaining **value for money** at all times. An officer issuing an official order shall 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**, subject to any *de minimis* provisions in Regulation 12 (I) below.
- 4.9. **A member may not** issue an official order or make any contract on behalf of Council.

- 4.10. 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.

13. CONTRACTS

- 4.11. The following procedures apply:

- 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 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; or service charges relating thereto.
 - iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
 - v) for additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chairman of Council); and
 - vi) for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- a. Where it is intended to enter into **a contract exceeding £60,000** 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 invite **tenders from at least three firms** to be taken from the appropriate approved list.
- b. 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 Council and recorded in the minutes of the relevant Council meeting.
- c. Such invitation to **tender shall state the general nature of the intended contract** and the RFO 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 RFO 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.

- d. **All sealed tenders shall be opened at the same time** on the prescribed date by the RFO in the presence of at least one member of Council.
- e. **If less than three tenders are received** for contracts above £60,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- f. Any invitation to tender issued under this Regulation shall be subject to Council Standing Order 22 and **shall refer to the terms of the Bribery Act 2010.**
- g. When it is to enter into **a contract of less than £60,000 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 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £1,000 the RFO shall strive to obtain 3 estimates.** Otherwise, Regulation 11 (3) above shall apply.
 - a. The Council shall **not be obliged to accept the lowest of any tender, quote or estimate.**
 - b. Should it occur that Council, or duly delegated Committee, does not accept any tender, quote or estimate, the work is not allocated and 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.
 - c. The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

14. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- a. **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).
- b. 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 Full Council.
- c. Any **variation to a contract** or addition to or omission from a contract must be approved by Council and RFO to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

15. STORES AND EQUIPMENT

- 4.12. The **Works Officer shall be responsible** for the care and custody of stores and equipment acquired for his use. The RFO shall be responsible for the care and custody of all other stores and equipment.
- 4.13. **Delivery Notes** shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- a. **Stocks shall be kept at the minimum levels** consistent with operational requirements.
 - b. The RFO shall be responsible for **periodic checks of stocks and stores** at least annually.

16. ASSETS, PROPERTIES AND ESTATES

- a. The RFO shall make appropriate arrangements for the **custody of all title deeds and Land Registry Certificates** of properties held by Council. The Clerk shall ensure a record is maintained of all properties held by 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.
- b. No tangible **moveable property** shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of 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 £1,000.
- c. **No real property (interests in land) shall be sold, leased or otherwise disposed of** without the authority of Full Council, together with any other consents required by law, In each case a Report in writing shall be provided to 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).
- d. **No real property (interests in land) shall be purchased or acquired** without the authority of Full Council. In each case a Report in writing shall be provided to 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).
- e. Subject only to the limit set in Reg. 14.2 above, **no tangible moveable property** shall be purchased or acquired without the authority of Full Council. In each case a Report in writing shall be provided to Council with a full business case.

- f. 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.

17. INSURANCE

- 4.14. Following the annual risk assessment (per Financial Regulation 18), the RFO shall **effect all insurances and negotiate all claims** on the Council's insurers.
- 4.15. The RFO shall keep a **record of all insurances** effected by Council and the property and risks covered thereby and annually review it.
- 4.16. 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.
- 4.17. All appropriate members and employees of Council shall be included in a suitable **security or fidelity guarantee insurance** which shall cover the maximum risk exposure determined annually by Council or the Finance and General Purposes Committee.

18. CHARITIES

1. In respect of the **charities for which Council is sole managing trustee**, the Clerk 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 shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

19. RISK MANAGEMENT

1. Council is responsible for putting in place arrangements for the management of risk. The RFO shall prepare, for approval by the relevant Committee, **risk management policy statements** in respect of all activities of Council. Risk policy statements and consequential risk management arrangements shall be reviewed by Council or the relevant Committee at least annually.
2. When considering any **new activity**, the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by Council or the relevant Committee.

20. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 4.18. It shall be the duty of Council to **review these Financial Regulations** from time to time. The RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise Council of any requirement for a consequential amendment to these Financial Regulations.
- 4.19. **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.