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**FINANCIAL REGULATIONS**

**ADOPTED May 2022**

*Financial Regulations adopted by the Council at its Meeting held on May 2022*

**1. GENERAL**

1.1 These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of financial control which facilitates the effective exercise of the council’s functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the Council meets these responsibilities.

1.2 The Responsible Financial Officer (RFO) is a statutory office appointed by the Council. The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine both the format of accounting records, and the accounting control systems on behalf of the Council. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the Council are maintained and kept up to date in accordance with proper practices.

1.3 In exceptional circumstances such as a local or national emergency or pandemic, special arrangements can be instigated by a quorum of Councillors, as outlined below. This will be confirmed by email to the Clerk and continued for the duration of the emergency. Such decisions will be added to the Parish Council website for the information of residents,

1.4 The RFO shall produce financial management information as required by the Council.

1.5 At least once a year, prior to approving the annual return, the Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.

1.6 In these financial regulations, references to the Accounts and Audit Regulations shall mean the relevant regulations currently in force.

1.7 In these financial regulations the term ‘proper practice’ or ‘proper practices’ shall refer to guidance issued in Governance and Accountability in Local Councils in England and Wales – a Practitioners’ Guide published jointly by NALC and SLCC.

**2. ANNUAL ESTIMATES (BUDGET)**

2.1 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Council.

2.2 The Council shall review the budget not later than the end of January each year and shall fix the precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.

2.3 The annual budget shall form the basis of financial control for the ensuing year.

2.4 The Council shall consider the need for, and shall have regard to a three-year forecast

of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual budget.

**3. BUDGETARY CONTROL**

3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget. To ensure prompt payment of invoices, as required by 6.3 below, the RFO may make payments in accordance with the agreed budget and report such payments to the Council, retrospectively.

3.2 Excepting emergencies or a change in Council responsibility, no expenditure should be incurred that will exceed the amount provided in the annual budget for that class of expenditure. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.

3.3 In such an emergency highlighted in 1.3 above, a quorum of Councillors, may delegate full responsibility to the RFO to make changes to the approved annual budget with the approval of the Chair and Vice-Chair of the Council and without the need for a public meeting. This will be confirmed by email to the Clerk, and continued for the duration of the emergency or until a quorum of Councillors decides otherwise and notifies the Clerk.

3.4 At each ordinary council meeting, the RFO shall provide the Council with a statement of receipts and payments to date under each head of the annual budget, comparing actual expenditure to the appropriate date against that planned as shown in the annual budget.

3.5 The Clerk may incur expenditure on behalf of the Council which is necessary to carry

 out any repair replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £300. The Clerk shall report the action to the Council as soon as practicable thereafter.

3.6 In such an emergency highlighted in 1.3 above, a quorum of Councillors, may delegate full responsibility to the RFO to make necessary payments in excess of £300 with the approval of the Chair and Vice-Chair of the Council, without the need for a public meeting. This will be confirmed by email to the Clerk, and continued for the duration of the emergency.

3.7 Unspent provisions in the annual budget shall not be carried forward to a subsequent

 year unless placed in an earmarked reserve by resolution of the Council.

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

3.9 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

**4. ACCOUNTING AND AUDIT**

4.1 All accounting procedures and financial records of the Council shall be determined by

 the RFO in accordance with the Accounts and Audit Regulations.

4.2 The RFO shall complete the annual financial statements of the Council, including the Council’s Annual Return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.

4.3 The RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Smaller Authorities’ Audit Appointments Ltd (SAAA)) and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.

4.4 The RFO shall ensure that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.

4.5 The Internal Auditor shall be appointed by and shall carry out the work required by the Council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing, or in person, on a regular basis with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the council. The Council may utilise one or more competent clerks from neighbouring councils as an internal auditor on a reciprocal arrangement.

4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.

4.7 The RFO shall, as soon as practicable, bring to the attention of all Councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

**5. BANKING ARRANGEMENTS AND CHEQUES**

5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.

5.2 The RFO, Chair and one other Councillor will be included in the bank mandate.

5.3 The method of payment will be by electronic bank transfer, operated by the RFO. Payments made in accordance with the agreed annual budget in relation to audit, contractors, subscriptions and approved training courses, plus salary and HMRC related payments will be reported retrospectively to the next Council meeting. In respect of any other payment, approval must be sought and given by a quorum of Councillors at a Parish Council meeting or, if urgent, by email. (Any payments approved in this way are to be reported to the Council retrospectively.)

5.4 A schedule of payments will form part of the agenda for every Ordinary Council Meeting, together with relevant invoices. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman of the Meeting and one other Councillor. The schedule will form part of the Minutes of the Meeting but parts will be redacted, as appropriate for minutes published on the Parish Council website.

5.5 In such an emergency highlighted in 1.3 above, a quorum of Councillors may approve electronic versions of the schedule and invoices by email confirmation during the period of the emergency. No signature will be necessary until the Council is able to meet, physically.

5.6 A cheque book will be retained for use where electronic transfer is not possible. Cheques drawn on the bank account in accordance shall be signed by two members of Council and the RFO.

5.7 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, and subject to 5.5 above, the signatories shall each also initial the cheque counterfoil.

**6. PAYMENT OF ACCOUNTS**

6.1 All payments shall normally be effected by electronic transfer. A cheque can be used subject to compliance with Regulations 5.6 and 5.7.

6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.

6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices as soon as practicable. Subject to Regulation 5.5, invoices paid will be reported at the next available Council Meeting.

6.4 If a payment outside the agreed annual budget is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the Clerk and RFO certify that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding Regulation 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council.

6.5 The Council will not operate a petty cash system, but will reimburse the RFO (by electronic bank transfer) agreed expenditure on small items such as stamps, printer supplies and stationery. Receipts will be required for all such expenditure.

6.6 If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) may be made by variable direct debit and any payments shall be 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. RECLAIM OF VAT**

6.1 Items of expenditure for goods or services will identify the VAT paid, and will be included in the accounts.

6.2 Repayment of VAT paid will be sought during each financial year.

**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 salaries shall be as agreed by Council.

7.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that, subject to Regulations 5.5, each payment is reported to and ratified by the next available Council Meeting.

7.3 Where the Clerk is requested to work additional hours to those contracted, written approval must be obtained from the Chair in advance of those additional hours being worked.

**8. LOANS AND INVESTMENTS**

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

8.2 The Council shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Policy shall be reviewed at least annually.

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

8.4 All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The terms and conditions of borrowings shall be reviewed at least annually.

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

**9. INCOME**

9.1 The collection of all sums due to the Council shall be the responsibility of, and under the supervision of the RFO.

9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council and notified to the RFO. The RFO shall be responsible for the collection of all accounts due to the Council.

9.3 The Council will review all fees and charges annually, following a report from 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 Cheques received on behalf of the Council shall be banked as soon as possible.

9.6 The origin of each cheque received shall be entered on the paying-in slip.

9.7 Where any significant sums of cash are received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, 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 in electronic or paper form 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 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-minimus provisions in Regulation 11.1 below.

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, subject to Regulation 5.5., 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 Procedures as to contracts are laid down as follows:

 (a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:

 (i) for the supply of gas, electricity, water, sewerage and telephone services;

 (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;

 (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;

 (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;

(v) for additional audit work of the External Auditor up to an estimated value

of £300 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of the Council);

 (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

 (b) Where it is intended to enter into a contract exceeding £50,000 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 Regulation 11.1 (a) the Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.

 (c) When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council.

 (d) Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.

 (e) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of Council.

 (f) If less than three tenders are received for contracts above £50,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.

 (g) Any invitation to tender issued under this Regulation shall contain a statement to the effect of Standing Orders 30C.

 (h) When it is to enter into a contract less than £50,000 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 Regulation 11.1 (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £100 the Clerk or RFO shall strive to obtain 3 estimates.

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

 (k) Where appropriate, the services of a satisfactory contractor will be extended for a period of 12, 24 or 36 months by resolution of the Council.

11.2 In such an emergency highlighted in 1.3 above, and when any delay is against the interest of the Council or Village, a quorum of Councillors may approve acceptance of a tender by means of email confirmation during the period of the emergency.

**12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).

12.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more, a report shall be submitted to the Council.

12.3 No variation to a contract or addition to or omission from a contract shall be approved unless approved by the Council and notified by the Clerk to the Contractor in writing. The Clerk shall notify the Council where the final cost is likely to exceed the financial provision.

12.4 In such an emergency highlighted in 1.3 above, and when any delay is contrary to the interest of the Council, a quorum of Councillors may approve any variation of a contract by means of email confirmation.

**13. STORES AND EQUIPMENT**

13.1 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.

13.2 Stocks shall be kept at the minimum levels consistent with operational requirements.

13.3 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

**14. ASSETS, PROPERTIES AND ESTATES**

14.1 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. On purchase of an asset, its life expectancy will be agreed by the Council and its value decreased proportionately on an annual basis. The continued existence of tangible assets shown in the Register shall be verified at least annually. Where appropriate safety checks will be undertaken of assets. Assets at the end of their life will only be disposed of by prior agreement of the Council.

**15. INSURANCE**

15.1 Following the annual risk assessment (per Financial Regulation 17), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

15.2 The Clerk as RFO shall ensure that all new risks, properties or vehicles which require to be insured are so insured and make necessary notification of any alterations affecting existing insurances.

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

15.4 The RFO shall on becoming aware 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.

15.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

**16. CHARITIES**

16.1 Where the Council is sole trustee of a Charitable body the Clerk and RFO 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 and RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

**17. RISK MANAGEMENT**

17.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk/RFO 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.

17.2 When considering any new activity, the Clerk/RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

**18. REVISION OF FINANCIAL REGULATIONS**

18.1 It shall be the duty of the Council to review the Financial Regulations of the Council prior to adoption at each Annual Meeting of the Council. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.