



Financial Regulations

Adopted June 17, 2019

Signed:
Chair of Brereton Parish Council

Review: April 2021

FINANCIAL REGULATIONS

1 General

- 1.1 These financial regulations govern the conduct of financial management by the Brereton Parish Council (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 and shall be 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 on behalf of the Council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the Council are maintained and kept up to date in accordance with proper practices. The RFO shall ensure that there is as much division of duties and responsibilities as possible and that there is as much internal checking as possible.
- 1.3 The RFO shall produce financial management information as required by the Council.
- 1.4 At least once a year, prior to approving the annual return, the Council shall conduct a review of the effectiveness of its system of internal control by completing a Risk Assessment which shall be in accordance with proper practices.
- 1.5 In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of the Accounts and Audit regulations 2015.
- 1.6 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability for Smaller Authorities in England March 2019 issued by the Joint Panel on Accountability and Governance (JPAG), and jointly published by the Society of Local Council Clerks, the National Association of Local Councils and the Association of Drainage Authorities. and updated from time to time.

2 Precept and Annual Budget

- 2.1 The Council members shall formulate and submit proposals to the Council in respect of revenue and capital including the use of reserves and sources of funding for the following financial year not later than the end of November each year.
- 2.2 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Council.
- 2.3 The Council shall review the budget not later than the end of November each year and shall fix the precept in December 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.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall consider the need for and shall have regard to a ONE-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.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure unless the Council agrees to reallocate funds from another class of expenditure or from balances brought forward. 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 At each Parish Council meeting the RFO shall regularly provide the Council with a statement of receipts and payments for the preceding month and year to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter.
- 3.4 The Clerk 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 there is any budgetary provision for the expenditure, subject to a limit of £200. The Clerk may purchase stationery prior to authorisation by the Council provided the budget for stationery for the year is not exceeded.

The Clerk shall certify the correctness and urgency of the payment and report the action to the Council as soon as practicable thereafter.

3.5 No expenditure shall be incurred in relation to any capital project and no contract entered 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.

3.6 All capital projects shall be administered in accordance with regulation 11 of these 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 2015) AA2015 Regulations).

4.2 The RFO shall complete the annual financial statements of the Council, including the Council's Annual Governance Statement in accordance with the AA2015 Regulations, as soon as practicable after the end of the financial year and shall submit them and report there on to the Council.

4.3 The RFO shall complete the annual accounts of the Council and shall submit them for approval and authorisation by the Council within the timescales set in the AA2015 Regulations.

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

4.5 The Internal Auditor shall be appointed by 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.

4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by AA2015 Regulations.

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

5 Expenditure Authorisation and Banking Arrangements

- 5.1 The Council may delegate the authorisation of the payment of money, within agreed budget limits, to a committee or sub-committee.
- 5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO and, together with the relevant invoices, be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman of the Meeting and details will be shown in the Minutes of the Meeting.
- 5.3 Cheques drawn on the bank account or approved to be paid electronically in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, shall be signed by two members of Council.
- 5.4 To indicate agreement of the details shown on the cheque or electronic order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil or electronic order.
- 5.5 On-line banking card security. Physical security of the card, including the PIN, is to be considered in the same way as physical security of the Council cheque books. When not in use it is to be kept in a secure place and any record of the PIN must not be kept with it.

6 Payment of Accounts

- 6.1 All payments shall be effected by cheque, electronically or debit card as drawn on the Council's bank.
- 6.2 All invoices for payment shall be examined, verified, and certified by the Clerk. The Clerk shall satisfy herself that the work, goods, or services to which the invoice relates shall have been received, carried out, examined, and approved. These invoices will be presented at the next Parish Council meeting to be authorised by two Councillors. Only invoices that have the suppliers bank details shown on the invoice can be paid electronically. Except as provided for by paragraphs 3.4 and 6.4 of these regulations and by bank standing orders approved by the Council, no payments shall be made prior to approval and scrutiny at a Parish Council meeting.
- 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 submitted, and which are in order, at the next available Council Meeting. At each Parish Council meeting the Clerk will bring the invoice file, cheque book and bank statements, which will be checked by the Parish Council to ensure all bank transactions have been authorised. The bank account will be reconciled.
- 6.4 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the Clerk / RFO certify that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council.

6.5 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 or RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

6.6 Councillors and the Clerk must not sign blank cheques in any circumstances.

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 each payment is reported to and ratified by the next available Council Meeting. The Clerk shall claim for office expenses in a timely fashion.

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 RFO shall ensure that all money due to the Council is billed promptly and, in all cases, collected promptly, taking appropriate action to chase late payers.

- 9.2 Particulars of all charges to be made for work done, services rendered, or goods supplied shall be agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
- 9.3 The Council will review all fees and charges annually, following a report of the Clerk.
- 9.4 Any sums found to be irrecoverable, and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5 All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least every three years.
- 9.9 Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10 Orders and Contracts for Works, Goods and Services

- 10.1 The RFO and all officers and councillors are responsible for obtaining best value for money at all times. This shall include obtaining the best terms of payment. The RFO shall verify the lawful nature of any proposed purchase prior to the issue of any order or invitation to quote or tender. Where a statutory authority is involved the Clerk shall report that fact to the meeting at which the quote, tender or order is approved so the Minutes can record the power being used.
- 10.2 The following regulations do not apply to the following:
- the supply of gas, electricity, water, sewerage, and telephone services.
 - purchases of goods which are proprietary items and/or are only sold at a fixed price.
 - work to be executed or goods to be supplied which constitute an extension of an existing contract by the Council.
 - repairs to or parts for existing machinery or equipment or plant.
 - additional audit work but with the agreement of the RFO, Chair and Vice Chair of the Council.
 - ongoing advisory services to the Council such as Planning Consultants.
 - works agreed by the RFO, Chair and Vice Chair to be required in an emergency.

- 10.3 Invitations to quote or tender shall state the nature of the work, goods or services and the Clerk shall obtain the necessary technical assistance to prepare an appropriate specification. The invitation shall state that quotes or tenders must be addressed to the Clerk, either by post or email.
- 10.4. Where it is intended to enter into a contract exceeding £500.00 but not exceeding £5,000.00 in value for the supply of goods and services or for the execution of works three quotations or estimates are to be obtained or a document to be recorded why a single tender process has been considered appropriate. When a contractor has been placed on the Council's list of approved contractors and has provided a quotation or estimate acceptable to the Council for the supply of goods and services or for the execution of works then a second quotation or estimate need not be obtained.
- 10.5. Where it is intended to enter into a contract exceeding £5,000.00 but not exceeding £20,000.00 in value for the supply of goods and services or for the execution of works three quotations or estimates are to be obtained.
- 10.6. Where it is intended to enter into a contract estimated as exceeding £20,000 in value for the supply of goods, materials and services or for the execution of works, the clerk shall ensure compliance with the appropriate, current procurement rules issued by HM Government. If there are no further requirements, then the Clerk shall give at least three week's public notice of such intention in the same manner as a public notice of meetings of the Council is given. The Clerk shall also give notice of intention to place such a contract in a local newspaper. A specification of the goods, materials, services and the execution of works shall be drawn up.
- Tenders are to be sent, in a sealed marked envelope, to the Clerk by a stated date and time.
 - Tenders submitted are to be opened, after the stated closing date and time, by the Clerk and at least one member of the Council.
 - Tenders are then to be assessed and reported to the next meeting of the Council or Committee.
 - If no tenders are received or if all the tenders are identical, the Council may make such arrangements for procuring the goods or materials or executing the works as it thinks fit.
 - Neither the Council nor Committee is bound to accept the lowest tender.
- 10.7. When any work, goods or services are to be order, whether after a quotation or tendering process or not, an official order shall be issued by the Clerk and a copy retained.

11 PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 11.1 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).
- 11.2 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.
- 11.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.]

12 Assets, Properties and Estates

- 12.1 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

13 Insurance

- 13.1 Following the annual risk assessment (per Financial Regulation 1.4), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 13.2 The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 13.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 13.4 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim and shall report these to Council at the next available meeting.
- 13.5 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.

14 RISK MANAGEMENT

- 14.1 The Council is responsible for putting in place arrangements for the management of risk. The 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.

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

15 Revision of Financial Regulations

- 15.1 It shall be the duty of the Council to review the Financial Regulations of the Council every year. 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.