

SPALDINGTON PARISH COUNCIL

FINANCIAL REGULATIONS 2019 FOR ENGLAND

These Financial Regulations were adopted by the council at its meeting held on FEB 3RD 2020

1. General

1 These financial regulations govern the conduct of financial management by the council and may only be amended or varied by resolution of the council. Financial regulations are one of the council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders¹ and any individual financial regulations relating to contracts.

The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.

2 The council's accounting control systems must include measures:

- for the timely production of accounts;
- that provide for the safe and efficient safeguarding of public money;
- to prevent and detect inaccuracy and fraud; and
- identifying the duties of officers.

At least once a year, prior to approving the Annual Governance Statement, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.

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.

The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. A Councillor has been appointed as RFO for this council and these regulations will apply accordingly.

¹ Model Standing Orders for Councils (2018 Edition) is available from NALC (©NALC 2018)

- acts under the policy direction of the council;
- administers the council's financial affairs in accordance with all Acts, Regulations and proper practices;
- determines on behalf of the council its accounting records and accounting control systems;
- ensures the accounting control systems are observed;
- maintains the accounting records of the council up to date in accordance with proper practices;
- assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
- produces financial management information as required by the council.

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 the council from time to time comply with the Accounts and Audit Regulations.

3 The accounting control systems determined by the RFO shall include:

- procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
- procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
- measures to ensure that risk is properly managed.

The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

- setting the final budget or the precept (council tax requirement);
- approving accounting statements;
- approving an annual governance statement;
- borrowing;
- addressing recommendations in any report from the internal auditors, shall be a matter for the full council only.
- determine and keep under regular review the bank mandate for all council bank accounts;

4 Accounting and Internal Audit All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.

At least twice a year, a member other than a cheque signatory shall be appointed to verify bank reconciliations produced by the RFO. This activity shall on conclusion be reported in minutes.

The RFO shall complete the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Return as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations..

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

Internal may not under any circumstances:

- perform any operational duties for the council;
- initiate or approve accounting transactions;
- direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- be competent and independent of the financial operations of the council;
- report to council in writing, with a minimum of one annual written report.
- to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships;

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

6 Annual budget and forward planning

The RFO should submit proposals for the following financial year to the council not later than the end of December each year including any proposals for revising the forecast.

. 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.

7 Budgetary control and authority to spend

Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:

- the council for all items over £200

- the Clerk, in conjunction with Chairman of Council can approve expenditure up to £200 according to the budget. This is approved at the next full council meeting.

No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council.

8 Banking arrangements and authorisation of payments

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 safety and efficiency.

The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council.

All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.

The Clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances:

- 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 Clerk and RFO certify 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
- b) If an item requires payment up to £200 in between meetings. This must be brought to the attention of the council at the next full council meeting.
- c) If an item has been discussed and approved by the council .Payment can be made up to £200 by the clerk and RFO. This should be brought to the attention of the council in the next council meeting.

9 Instructions for the making of payments

The council will make safe and efficient arrangements for the making of its payments.

Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee shall be signed by two members of council A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.

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

Cheques or orders for payment shall not normally be presented for signature other than at a council meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the council at the next convenient meeting.

If thought appropriate by the council, payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to council as made. The approval of the use of a banker's standing order shall be renewed by resolution of the council at least every two years.

If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.

If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.

Where internet banking arrangements are made with any bank, the Clerk and RFO shall be appointed as the Service Administrator. The bank mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts.

Any Debit Card issued for use will be specifically restricted to the Clerk and the RFO and will also be restricted to a single transaction maximum value of £200 unless authorised by council before any order is placed.

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.

10 Payment of salaries

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.

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.

No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the council.

Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:

- a) by any councillor who can demonstrate a need to know;
- b) by the internal auditor;

11 Orders for work, goods and services

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.

Order books shall be controlled by the RFO.

All members and officers are responsible for obtaining value for money at all times.

Any expenditure over £1000 requires three quotes.

A member may not issue an official order or make any contract on behalf of the council.

12 Assets,

. No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £250

The RFO shall ensure that an appropriate and accurate Register of Assets is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.

13 Insurance

Following the annual risk assessment the RFO shall effect all insurances and negotiate all claims on the council's insurers in consultation with the Clerk.

The Clerk shall give prompt notification to the RFO of all new risks, which require to be insured and of any alterations affecting existing insurances.

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

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.

All appropriate members and employees of the council shall be included in a suitable fidelity guarantee insurance.

14 Risk management

The council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.

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

15 Suspension and revision of Financial Regulations

It shall be the duty of the council to review the Financial Regulations of the council yearly.

The council may, by resolution of the council 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.