

## **FINANCIAL REGULATIONS for Mildenhall (Minal) Parish Council**

### **1. GENERAL**

- 1.1. These financial regulations shall govern the conduct of the financial transactions of the council and may only be amended or varied by resolution of the council.
- 1.2. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control.
- 1.3. 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
- 1.4. 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.
- 1.5. The RFO holds a statutory office appointed by the Council and will:-
- Act under the policy direction of the council.
  - Administer the Council's financial affairs in accordance with all Acts, Regulations and proper practices.
  - Ensure the accounting control systems are observed.
  - Maintain the accounting records of the Council up to date in accordance with proper practices.
  - Assist the Council to secure economy, efficiency and effectiveness in the use of proper practices.
  - Produce financial management information as required by the Council.
- 1.6 The accounting records determined by the RFO shall in particular contain:
- Entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure in relation to claims made, or to be made, for any contribution, or grant.
  - A record of the assets and liabilities of the Council.
  - Wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, or grant.
- 1.7 The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding the following must be made by the full Council:
- setting the final budget or the precept (council tax requirement);
  - approving accounting statements;
  - approving an annual governance statement;
  - borrowing;
  - writing off bad debts;
  - declaring eligibility for the General Power of Competence;
  - addressing recommendations in any report from the internal or external auditors, shall be a matter for the full council only.

- determine and keep under regular review the bank mandate for all council bank accounts;
- approve any grant or a single commitment in excess of £5,000; and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant NALC bodies and or a staffing committee.

## **2. ACCOUNTING AND AUDIT**

- 2.1. 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.
- 2.2. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman [or a cheque signatory] shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be minuted, including any exceptions, to and noted by the Council.
- 2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Return within the timescales set by the Accounts and Audit Regulations and as soon as practicable after the end of the financial year and present them to the Council at the May meeting.
- 2.4. The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices.
- 2.5. The internal auditor shall:
  - be competent and independent of the financial operations of the council;
  - report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
  - demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
  - have no involvement in the financial decision making, management or control of the council.
- 2.6. The RFO or any Councillor shall make available documents and records as appear to the council to be necessary for the purpose of the audit and shall, supply the internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.
- 2.7. 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.
- 2.8. The RFO shall bring to the attention of all councillors any correspondence or report from internal or external auditors within one week or receipt.

### 3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

- 3.1. The Council shall discuss capital expenditure for the next financial year at the September meeting of the Council. Councillors will provide reasonable estimates for particular projects.
- 3.2 The Finance Committee will meet in October/Early November to discuss cash flow and spending for the existing year, prepare a draft budget for the next financial year and suggest a precept.
- 3.2 The budgeted estimates of income and expenditure on revenue services, and receipts and payments on capital account, discussed by the Finance Committee shall be prepared by the RFO and presented to the November meeting of the Council. The recommended precept will be discussed and agreed if possible.
- 3.3 Following the November meeting the Finance Committee shall review the Budget estimates, any amendments agreed by the full Council and finalise the budget and precept to be levied for the ensuing financial year. The final budget will be presented to the full Council at the January meeting of the Parish Council.
- 3.4 The RFO shall issue the precept to the billing authority (Wiltshire County Council) and supply each member with a final copy of the approved budgeted estimates by the end of January.
- 3.5 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.
- 3.6 Long Term Planning  
The RFO will advise the Council of changes in funding or new/projected work. All Councillors to keep abreast of community changes which may result in extra funding. On an adhoc basis, normally in the summer, the Finance Committee may meet to discuss future expenditure and income over a 3 year period taking account of input from the Neighbourhood Plan and Area Board.

### 4. BUDGETARY CONTROL

- 4.1 Expenditure on the revenue account may be incurred up to the amounts included for that class of expenditure in the approved budget heading.
- 4.2 All Expenditure will be evidenced by a minute or by an authorisation slip signed by two Councillors and/or the Clerk/RFO who are signatories of the mandate
- 4.3 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.
- 4.4 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 ('virement'). Unspent provisions in the revenue or capital budget for completed projects shall not be carried forward to a subsequent year.

- 4.5 The salary budget must be reviewed annually in November for the following financial year. The RFO will advise the Council of the national pay rates from NALC.
- 4.6 No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted unless the council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 4.7 The Clerk in conjunction with the Chairman and Vice Chairman may incur expenditure on behalf of the council, which is necessary to carry out any repair, replacement or other ad hoc work, which is of such urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1,000. For any urgent expenditure required above £1000 an EGM must be called unless the next Parish Council meeting is within the next seven working days. When incurring such ad hoc expenditure the Clerk shall report the action to the council as soon as practicable thereafter and the action should be minuted at the next P.C. meeting.
- 4.8 The RFO shall provide to the Council at each bi-monthly meeting a statement of receipts and payments to date under each heading and comparing actual expenditure to budgeted expenditure planned in the budget. This should include explanations of material variances – ie in this case variances in excess of 15% of the budget or more than £100 of the budgeted amount.
- 4.9 Changes in earmarked reserves shall be approved by Council as part of the budgetary control process.

## **5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS**

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency. The council shall seek credit references in respect of members or employees who act as signatories as part of the banking process. One current account shall be maintained at the bank - Treasurer's account and one savings account for the Council. The Council also manages the Playground fundraising account.
- 5.2 All cheques and payments must be authorised by two signatories from the banking mandate. Internet payments will be authorised by a payment slip accompanying the invoice and the cheque foil will be initialled by two signatories.
- 5.3 The RFO shall have delegated authority to authorise fund transfers between the savings account and current account to facilitate the payment of bills and the bank balances will be reported at the Council's bi-monthly meeting.
- 5.4 The Finance committee will review regular contracts and payments annually in the Autumn. When considering new contractors if practicable quotes will be sought in writing (email is acceptable). These can be agreed if they are within budgeted limits otherwise full Council approval will be sought and minuted.
- 5.5 Any grant or single commitment must be approved by the Council.
- 5.6 Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision to authorise or

instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

## **6. PAYMENT OF ACCOUNTS**

- 6.1 All invoices for payment shall be examined for arithmetical accuracy, verified against budget and certified by the RFO to confirm that the work, goods or services represents expenditure previously approved by the Council.
- 6.2 When the RFO is satisfied that the invoice is in order, and that the work or service has been carried out or the goods have been received, a payment slip will be authorised or ratified by two signatories for the audit trail. Payment will normally be made by internet banking. Invoices should be addressed to the Council and the RFO will settle all invoices within 30 days of their receipt.
- 6.3 Payments within budgeted limits for approved expenditure will normally made by internet banking. The banking mandate signatories apply to the Internet banking. Two signatories will be required to authorise the payment and sign the payment slip which will be retained as evidence for audit.
- 6.4 A Councillor who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.
- 6.5 For Internet banking the RFO will act as service administrator and the Co-Vice Chairman will act as secondary administrator if required. Access to the bank account should be directly to the access page which may be saved under Favourites.
- 6.6 The RFO and Co Vice Chairman will not disclose PIN numbers or passwords to any person not authorised in writing by the Council or Finance Committee. Remembered or Saved Passwords must not be used on any Computer used for Council internet banking.
- 6.7 The Council and any members using computers for financial business shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used.
- 6.8 Regular back-up copies of the records on any computer shall be made and shall be stored securely.
- 6.9 Changes to account details for suppliers which are used for internet banking may only be changed by notification of the supplier with full name/company and address details and authority may be verified by email trail.
- 6.10 The Council will not maintain any form of cash float. All cash received must be banked intact and verified by the RFO by a completed paying in slip indicating the origin of the funds.
- 6.11 Claims for items bought by cash by the RFO or a Councillor to be backed by till receipts (with VAT nos) when possible or by evidence of charges paid.

## **7. PAYMENT OF SALARIES AND WAGES**

- 7.1 The Council will meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation.
- 7.2 The payment of expenses to Councillors and salary to the Clerk/RFO shall be made by internet banking.
- 7.3 No changes shall be made to the Clerk/RFO's pay, or terms and conditions of employment without the prior consent of the Council .

## **8. LOANS AND INVESTMENTS**

- 8.1 All investments of money under the control of the council shall be in the name of the council.
- 8.2 All borrowings shall be effected in the name of the council.
- 8.3 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.4 An overdraft facility shall not be agreed without the express recommendation of the Finance Committee and full approval of the Council.

## **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 notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts.
- 9.3 The Council will review all fees and charges at annually in October, following a report by the Clerk and relevant Councillor.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and written off in the year.
- 9.5 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.
- 9.6 VAT must be itemised separately in the cashbook. All invoices received charging VAT to be checked for their VAT number.
- 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, that there is a detail of the origin of the cash and that appropriate care is taken in the security of individuals banking such cash.
- 9.8 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 the council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any council meeting.

## 10. EXPENDITURE - ORDERS FOR WORK, GOODS AND SERVICES

- 10.1 An official order by email or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or the Council decides that an official order would be inappropriate eg in the event of a long standing arrangement agreed by the Council. Copies of orders issued shall be maintained.
- 10.2 Order records shall be controlled by the RFO.
- 10.3 All Councillors and the RFO are responsible for obtaining value for money at all times. The RFO or Councillor 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 general contract provisions in **Regulation 11 below**.
- 10.4 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.

## 11. CONTRACTS

- 11.1 Every contract shall comply with these financial regulations, and no exceptions shall be made other than in an emergency or for the following contracts:-
- (i) 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 constitute 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 £500 (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.
- 11.2 When the Council is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or services other than those exempted from these financial regulations in **11.1** the RFO shall obtain **three quotations** (priced descriptions of the proposed supply); where the value is below £6000 and above £1000 the RFO shall strive to obtain **three estimates**. Otherwise regulation 10.3 pertaining to obtaining best value for money shall apply.
- 11.3 As per **Item 18 of the Standing Orders** the tender process for contracts for the supply of goods, materials, services or the execution of works shall include, as a minimum, the following steps:

- i. a specification for the goods, materials, services or the execution of works shall be drawn up;
  - ii. an invitation to tender shall be drawn up to confirm (i) the Council's specification (ii) the time, date and address for the submission of tenders (iii) the date of the Council's written response to the tender and (iv) the prohibition on prospective contractors contacting councillors or staff to encourage or support their tender outside the prescribed process;
  - iii. the invitation to tender shall be advertised in any manner that is appropriate;
  - iv. tenders are to be submitted in writing in a sealed marked envelope addressed to the Proper Officer or by email to the Proper Officer/Clerk;
  - v. tenders shall be opened by the Proper Officer in the presence of at least one councillor after the deadline for submission of tenders has passed;
  - vi. tenders are to be reported to and considered by the appropriate meeting of the Council or a committee or sub-committee with delegated responsibility.
  - v. The Council is not bound to accept the lowest value tender.
- 11.4 Where the Council intends to procure or award a public works or public service/supply contract which is valued at £25,000 or more, the Council shall comply with the Public Contracts Regulations 2015 and the Public Contracts Directive 2014/24/EU.
- 11.5 When applications are made to waive financial regulation relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council and the Council's decision minuted.
- 11.6 In certain circumstances it may not be feasible, practicable, appropriate or desirable to seek competitive quotations or estimates from more than one supplier for orders estimated to be up to £1500, and in some cases there may be good reasons for seeking a quotation or estimate from only one supplier. In such cases the Council shall formally decide at a meeting to accept one quotation or estimate and the reasons for the decision shall be minuted.

## **12. INSURANCE**

- 12.1 Following the annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the council's insurers. The RFO shall obtain insurance quotes and present these to the Council for approval.
- 12.2 The RFO shall insure that all new risks, properties or vehicles which require to be insured are added to existing insurance.
- 12.3 The RFO shall keep a record of all insurance effected by the council and the property and risks covered thereby and annually review it together with the Finance Committee.
- 12.4 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.

12.5 All appropriate employees and Councillors shall be included in a suitable form of security fidelity guarantee insurance which shall cover the maximum risk exposure determined by the Council.

### **13. ASSETS, PROPERTIES AND ESTATES**

13.1 The Clerk/RFO will ensure all title deeds and legal documents are stored securely.

13.2 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 and in the case of playground equipment a health and safety inspection will be carried out.

13.3 No real property either land or tangible moveable property shall be purchased, acquired, sold, leased or disposed of without the authority of the Council. In each case a report in writing shall be provided to the Council as to valuation and business case.

### **14. RISK MANAGEMENT**

14.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk, who in this case is 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 by the Council, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council. The Clerk will ensure risk assessments are submitted for other activities.

### **15. REVISION OF FINANCIAL REGULATIONS**

15.1 It shall be the duty of the Council to review the financial regulations of the Council from time to time and to make such changes as the Council considers are required.

15.2 The RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise the council of any requirement for a consequential amendment to these Financial Regulations.

15.3 The Council may, by resolution, 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.

Adopted by Mildenhall/Minal Parish Council – September 2019 – Reviewed May 2020