

**HOLT PARISH COUNCIL
FINANCIAL REGULATIONS**

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Table of Contents

1	GENERAL.....	2
2	ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL).....	3
3	ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING	4
4	BUDGETARY CONTROL AND AUTHORITY TO SPEND	5
5	BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS.....	6
6	INSTRUCTIONS FOR THE MAKING OF PAYMENTS	7
7	PAYMENT OF SALARIES.....	8
8	INCOME.....	9
9	ORDERS FOR WORK, GOODS AND SERVICES.....	9
10	CONTRACTS.....	9
11	ASSETS, PROPERTIES AND ESTATES.....	10
12	INSURANCE	11
13	CHARITIES	11
14	DONATIONS.....	12
15	RISK MANAGEMENT	12
16	SUSPENSION AND REVISION OF FINANCIAL REGULATIONS.....	12

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. Financial regulations are one of the council's governing policy documents, providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders.
- 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, which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
- 1.3 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.
- 1.4 These financial regulations demonstrate how the council meets these responsibilities and requirements.
- 1.5 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
- 1.6 Deliberate or wilful breach of these regulations by an employee may give rise to disciplinary proceedings.
- 1.7 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.
- 1.8 The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. The Clerk has been appointed as RFO for this council. References to 'the clerk' or 'the RFO' in these regulations are one in the same.
- 1.9 The RFO;
 - acts under the direction of the council;
 - administers the council's financial affairs in accordance with all acts, regulations and proper practices;
 - with the Finance Advisory Group, 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.

- 1.10 The accounting records 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 accounts and audit regulations.
- 1.11 The accounting records 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 relate;
 - a record of the assets and liabilities of the council; and
- 1.12 The accounting control systems maintained by the RFO shall include:
- procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable;
 - procedures to enable the prevention and detection of inaccuracies and fraud, and the ability to reconstruct any lost records;
 - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
 - measures to ensure that risk is properly managed.
- 1.13 The council is not empowered by these regulations or otherwise to delegate financial decisions.
- 1.14 In addition, the council must:
- determine and keep under regular review, the bank mandate for all council bank accounts;
 - in respect of the annual salary for any employee, have regard to recommendations about annual salaries of employees made by the relevant committee/advisory group in accordance with its terms of reference.
- 1.15 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).

2 ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

- 2.1 All accounting procedures and financial records of the council shall be determined in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 2.2 On a regular basis, at least twice a year, including the financial year end, the bank reconciliation will be verified by a member of the Finance Advisory Group.
- 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 (as specified in proper practices) as soon as practicable after the end of the financial year and shall

submit them and report thereon to Finance Advisory Group, and thereafter to the council, within the timescales set by the Accounts and Audit Regulations.

- 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. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.
- 2.5 The internal auditor shall be appointed by, and shall carry out the work in relation to internal controls required by the council, in accordance with proper practices.
- 2.6 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;
 - to 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 financial decision making, management or control of the council.
- 2.7 Internal or external auditors may not under any circumstances:
 - perform any operational duties for the council;
 - initiate or approve accounting transactions; or
 - direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.8 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.
- 2.9 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.
- 2.10 The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

3 ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

- 3.1 Each committee/advisory group shall review its forecasts of revenue and capital receipts and payments (if any). Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the RFO not later than the end of November each year, including any proposals for revising the forecast.
- 3.2 The RFO must each year, by no later than November, 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 Finance Advisory Group and the council.

- 3.3 The council shall consider annual budget proposals including recommendations for the use of reserves and sources of funding, and update the forecast accordingly.
- 3.4 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, (Wiltshire Council), and shall supply each member with a copy of the approved annual budget.
- 3.5 The approved annual budget shall form the basis of financial control for the ensuing year.

4 BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 4.1 Approval of the annual budget gives authority to those councillors managing budgets to incur expenditure on revenue items, up to the agreed limit, without further authorisation. However budget holders are responsible for monitoring and managing expenditure through the whole financial year and must ensure that there is always sufficient remaining budget to cover future expenditure. Furthermore this authority is subject to the following:
 - Authority to commit funds is limited to those items envisaged at the time of setting the budget.
 - It only applies to individual items of expenditure of up to £500.
- 4.2 Items not falling within the above parameters, including, for the avoidance of doubt, a change in supplier or contractor, will be presented to the council for authorisation before any commitment is made. None of the Committees or Advisory Groups has delegated authority outside the above limit, to incur expenditure without approval at full council.
- 4.3 The Clerk and any councillor may incur expenditure on incidental revenue items up to £100.
- 4.4 All items of expenditure not envisaged at the time of agreeing the annual budget, or in excess of £100 will be presented to the council, together with the associated terms of payment, for authorisation before any commitment is made.
- 4.5 All items of expenditure, whether seeking authorisation, or already committed will be presented to the council at the next meeting. Approval or otherwise will be recorded by the Clerk in the minutes of the meeting.
- 4.6 No expenditure may be authorised that will exceed the amount provided in the revenue budget for that type of expenditure, other than by resolution of the council. 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.

- 4.7 Unspent provisions in the revenue or capital budgets shall not be carried forward under that same budget heading to spent in the following year. By default, any unspent revenue amount will be added to the general reserve.
- 4.8 The salary budgets are to be reviewed at least annually in November for the following financial year, and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chairman of Council or relevant committee.
- 4.9 In cases of extreme risk to the delivery of council services, the clerk may authorise revenue expenditure on behalf of the council, which in the clerk'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 £500. The Clerk shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter.
- 4.10 No expenditure shall be authorised in relation to any capital project and no contract may be entered into or tender accepted involving capital expenditure unless the council is satisfied that the necessary funds are available.
- 4.11 All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.
- 4.12 The RFO shall regularly provide the 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.
- 4.13 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, including the bank mandate, shall be made by the RFO and approved by the council; banking arrangements may not be delegated to an advisory group or committee. They shall be regularly reviewed for security and efficiency.
- 5.2 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. The council shall review the schedule for compliance and, having satisfied itself, shall authorise payment by a resolution of the council. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. 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.
- 5.3 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.

- 5.4 The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available council meeting.
- 5.5 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 INSTRUCTIONS FOR THE MAKING OF PAYMENTS

- 6.1 The council will make safe and efficient arrangements for the making of its payments.
- 6.2 Following authorisation under Financial Regulation 5 above, the council shall give instruction to the RFO that payment shall be made.
- 6.3 All payments shall be effected by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of council.
- 6.4 Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee, shall be signed, or otherwise authorised, in accordance with a resolution instructing that payment. 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.
- 6.5 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.
- 6.6 Cheques or orders for payment shall not normally be presented for signature other than at a council or committee 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.
- 6.7 Payment for utility supplies (energy, telephone, water, waste collection, etc.) may be made by variable direct debit provided that the instructions are signed in accordance with the bank mandate.
- 6.8 Payment may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.9 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.
- 6.10 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.
- 6.11 Where internet banking arrangements are made with any bank, the Clerk 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. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.

- 6.12 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 Clerk and any other councillor. A programme of regular checks of standing data with suppliers will be followed.
- 6.13 Any debit card issued for use will be restricted to the RFO and, (except in the case of emergencies – see para 4.9), will also be restricted to a single transaction maximum value of £100 unless authorised by council or finance committee, in writing, before any order is placed.
- 6.14 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 (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

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 salary rates shall be as agreed by council, or duly delegated committee.
- 7.2 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.
- 7.3 No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the council.
- 7.4 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.
- 7.5 An effective system of personal performance management should be maintained for all employees.
- 7.6 Any termination payments shall be supported by a clear business case, and reported to the council. Termination payments shall only be authorised by council.

8 INCOME

- 8.1 The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 8.2 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.
- 8.3 The council will review all fees and charges at least annually, following a report of the Clerk.
- 8.4 Any sums found to be irrecoverable, and any bad debts, shall be reported to the council and shall be written off in the year.
- 8.5 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.
- 8.6 The origin of each receipt shall be entered on the paying-in slip.
- 8.7 Personal cheques shall not be cashed out of money held on behalf of the council.
- 8.8 The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT regulations shall be made at least annually, coinciding with the financial year end.

9 ORDERS FOR WORK, GOODS AND SERVICES

- 9.1 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.
- 9.2 All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order or letter 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.
- 9.3 A member may not issue an order, or make any contract on behalf of the council, without prior agreement of the council.

10 CONTRACTS

- 10.1 Procedures as to contracts are set out in this section. Every contract shall comply with these financial regulations, and no exceptions shall be made except in an emergency. However, 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;
- 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 / RFO shall act after consultation with the Chair of Finance and the Chair 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.

10.2 Where the council intends to procure or award a public supply contract which is valued at £25,000 or more, the council shall comply with The Public Contracts Regulations 2015.

10.3 If 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.

10.4 Invitations 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.

10.5 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.

10.6 The council shall not be obliged to accept the lowest or any tender, quote or estimate.

11 ASSETS, PROPERTIES AND ESTATES

11.1 The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the council. The RFO shall ensure a record is maintained of all properties held by the 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.

11.2 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 £100.

- 11.3 No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the 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).
- 11.4 No real property (interests in land) shall be purchased or acquired without the authority of the 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).
- 11.5 Subject only to the limit set in Regulation 11.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full council. In each case a report in writing shall be provided to council with a full business case.
- 11.6 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.

12 INSURANCE

- 12.1 Following the annual risk assessment, the Clerk shall effect all insurances.
- 12.2 The Clerk shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.
- 12.3 The Clerk 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.
- 12.4 All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the council, or duly delegated committee.

13 CHARITIES

- 13.1 Where the council is sole managing trustee of a charitable body 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, 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.

14 DONATIONS – updated June 2021

14.1 A local authority may, by virtue of section 137 of The local Government Act 1972, “incur expenditure which in their opinion is in the interests of, and will bring direct benefit to, their area or any part of it or all or some of its inhabitants”. Holt Parish Council will not, as a general policy, fund such activities particularly where it considers funding to be the responsibility of another body or individual. The council may however, at its absolute discretion, support community, voluntary and charitable organisations that demonstrate a clear need for financial support and will directly benefit the parish or residents of the parish.

Applications with supporting documentation should be sent to the Parish Clerk clerk@holtparishcouncil.gov.uk for further consideration by the Parish Council.

15 RISK MANAGEMENT

15.1 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.

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

16 SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

16.1 It is the duty of the council to review the Financial Regulations of the council from time to time. 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.

16.2 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.