**BALTONSBOROUGH PARISH COUNCIL**

**FINANCIAL REGULATIONS (adopted 1/7/21)**

These Financial Regulations were adopted by the council at its meeting held on [enter date].

**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.

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 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. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

1.5. Members of council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to do so brings the office of councillor into disrepute.

1.6. The Clerk has been appointed as RFO for this council and these regulations will apply accordingly.

* 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.

1.7. 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, comply with the Accounts and Audit Regulations.

1.8. In addition, the council must:

* determine and keep under regular review the bank mandate for all council bank accounts
* approve any grant or a single commitment more than £250 and
* in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees.

**2. Accounting and audit (internal and external)**

2.1. On a regular basis the council will be asked to verify bank reconciliations (for all accounts) produced by the RFO.

2.2. 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 having certified the accounts shall submit them and report to the council within the timescales set by the Accounts and Audit Regulations.

2.3. 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.

2.4. 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.

2.5. The internal auditor shall:

* be competent and independent of the financial operations of the council
* to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
* has no involvement in the financial decision making, management or control of the council

2.6. 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.

2.7. 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. The RFO must each year, by no later than December, 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 council.

3.2. 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.

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

**4. Budgetary control and authority to spend**

4.1. 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 £250
* the Clerk, in conjunction the Chair, for any items below £250

Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Clerk, the Chair.

Contracts may not be disaggregated to avoid controls imposed by these regulations.

4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget

4.3. The salary budgets are to be reviewed at least annually in October for the following financial year

4.4. 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 subject to a limit of £500. The Clerk shall report such action to the chair as soon as possible and to the council as soon as practicable thereafter.

**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. They shall be regularly reviewed for safety 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. 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. The Clerk and RFO shall have delegated authority to authorise the payment of items only 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 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.

5.4. 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. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council shall be signed by two mandate holders.

6.2. 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.

6.3. Payment can be made by BACS provided that the instructions for each payment authorised by two authorised bank signatories.

6.4. No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts.

6.5. 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.

6.6. 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.

6.7. 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.

6.8. Access to any internet banking accounts will be directly to the access page (which may be saved under “favourites”), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work.

6.9. 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.

**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.

7.2. No changes shall be made to any employee’s pay, emoluments, 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, and a copy of each statement of account to be issued to the Clerk or RFO.

8.8. Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).

**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.

9.3. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.

9.4. All sums received on behalf of the council shall be banked as soon as possible by the RFO and the origin of each receipt shall be entered on the paying-in slip.

9.5. Personal cheques shall not be cashed out of money held on behalf of the council.

9.6. The RFO shall promptly complete any VAT Return annually.

9.7. 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 (see also Regulation 16 below).

**10. Orders for work, goods and services**

10.1. 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.

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.

10.3. A member may not issue an official order or make any contract on behalf of the council without prior agreement.

**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.

b. Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations..

c. The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time).

d. 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.

e. 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.

g. Any invitation to tender issued under this regulation shall be subject to Standing Orders and shall refer to the terms of the Bribery Act 2010.

h. When it 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 specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £25,000 and above £1,000 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.

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

j. Should it occur that the council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

**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. 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.

**13. Assets, properties and estates**

13.1. 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.

13.2. 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 £250.

13.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without or purchased or acquired by the authority of the council, unless a report in writing has been 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).

13.4. 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.

**14. Insurance**

14.1. Following the annual risk assessment (per Regulation 17), the RFO shall affect all insurances and negotiate all claims on the council's insurers [in consultation with the Clerk].

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

14.3. 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.

**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 shall be 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.

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