

Folke Parish Council

Financial Regulations

July 2023

FOLKE PARISH COUNCIL FINANCIAL REGULATIONS

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These Financial Regulations were adopted by the Council at its Meeting held on *dd mm 2023*.

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. They must be read together with the Council's Standing Orders.
- 1.2 The Financial Regulations are to be reviewed annually.
- 1.3 The Parish Clerk shall be the Responsible Financial Officer (RFO) for this Council and these regulations will apply accordingly.
- 1.4 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.
 - 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).

2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

- 2.1 All accounting procedures and financial records of the Council shall be determined by the Clerk in accordance with the Accounts and Audit Regulations.
- 2.2 On a regular basis, at each financial year end, a member other than the Chair shall verify bank reconciliations (for all accounts) produced by the RFO.
- 2.3 The Clerk 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 thereon to the Council within the timescales set by the Accounts and Audit Regulations.
- 2.4 The Council shall appoint a competent and independent Internal Auditor to review its system of accounting control and records as required by the proper practices. The Clerk shall provide the Internal Auditor with the necessary documents and records.
- 2.5 The Internal Auditor shall provide a written report to the Council at the end of each financial year.
- 2.6 The Clerk shall distribute all letters and reports report from Internal or External Auditors to all Councillors.
- 2.7 The Clerk will permit electors, by arrangement, to inspect the accounts, and shall publish the notices and statements of account required the Regulations.

3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

- 3.1 The Clerk must each year, by no later than November, prepare detailed forecasts 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 consider annual budget proposals in relation to the Council's one year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.3 The Council shall fix the Precept to be levied for the ensuing financial year not later than by the end of December each year. The Clerk shall issue the precept to Dorset Council and shall supply each member with a copy of the approved annual budget.
- 3.4 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:
 - a) the Council for all items over £1,000.
 - b) the Clerk in conjunction with the Chair, for all lesser items
- 4.2 Such authority is to be evidenced by a minute or an email trail approved by the Clerk, and where necessary also by the Chair.
- 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 The salary budgets are to be reviewed at least annually in November for the following financial year and the outcome noted in the minutes.
- 4.5 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out a repair, replacement or other work which is of such urgency that it must be done at once or where safety would be imperilled, whether or not there is budgetary provision for the expenditure subject to a limit of £750. The Clerk shall report the action to the Chair as soon as possible and to the Council as soon as practicable thereafter.
- 4.6 No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available, and any necessary borrowing approval has been obtained.
- 4.7 All capital works shall be administered in accordance with Standing Orders and these financial regulations.
- 4.8 The Clerk 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 provided in the budget. These statements are to be prepared at least at the end of each financial year..
- 4.9 Changes in any earmarked reserves shall be approved by Council as part of the budgetary control process.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 5.1 The Clerk is responsible for making the Council's banking arrangements. They are to be approved by the Council and reviewed annually at the end of the Financial Year.
- 5.2 The Clerk shall prepare a schedule of payments requiring authorisation as part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to Council. The Council shall review the schedule and, if satisfied, shall authorise payment. A list of all payments shall be recorded the minutes of the meeting. Personal payments are to be summarised to ensure Data Protection.
- 5.3 The Clerk shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The Clerk shall take all steps to pay all invoices submitted, and which are in order, at the next available Council meeting.
- 5.4 Annual grant payments to support the local community shall be discussed at the March meeting of the Council.
- 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 Payments shall be by internet banking transfer after approval by resolution of the Council .
- 6.2 The Clerk and three Councillors nominated by the Council have individually entered into online banking agreements with Lloyds Bank. The Councillors are individually responsible for maintaining the security requirements of their agreement with Lloyds Bank.
- 6.3 Following authorisation under Financial Regulation 5 above, the Clerk shall set up the required internet banking transfer instruction. The Clerk and one of the duly appointed Councillors shall authorise the payment.
- 6.4 Payment of the Clerks salary may be made by banker's standing order. The use of a banker's standing order shall be renewed by resolution of the Council at least every two years.
- 6.5 The Clerk shall make a copy of logon details for the Council's laptop computer and give them to the Chair of the Council in a signed, dated, and sealed envelope for safe keeping.
- 6.6 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 in a remote location.
- 6.7 No corporate credit card or trade card account will be opened by the Council.
- 6.8 Any Debit Card issued for use will be specifically restricted to the Chair and will also be restricted to a single transaction maximum value of £500 unless authorised in advance by council by resolution.
- 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 (for example for postage or minor stationery items) shall be refunded monthly as expenses.

7. PAYMENT OF SALARIES

- 7.1 The Clerk is responsible for assessing the Council's liability for his/her salary contributions under PAYE, National Insurance and pension regulations and for ensuring that the required payments are made by the Council.
- 7.2 Any changes to the Clerk's pay, emoluments, or terms and conditions of employment shall be approved by the Council.

8. LOANS AND INVESTMENTS

- 8.1 The Council does not raise loans or make investments.

9. INCOME

- 9.1 The collection of all sums due to the Council shall be the responsibility of the Clerk.
- 9.2 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.

10. ORDERS FOR WORK, GOODS AND SERVICES

- 10.1 A member may not issue an official order or make any contract on behalf of the Council without prior permission from the Clerk.
- 10.2 An official order, letter or email 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 shall be retained.
- 10.3 All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order, letter or email shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, subject to the provisions of clause 11.3 below.
- 10.4 The Clerk 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 Clerk 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 Procedures as to contracts are laid down as follows:
- 11.2 Should the Council ever intend 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 convene a special meeting to decide on how to proceed.
- 11.3 Every contract under £25,000 shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (a) to (f) below:
 - a.) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.
 - b.) for repairs to or parts for existing machinery or equipment or plant.
 - c.) for work as an extension of an existing contract by the Council.
 - d.) for additional audit work by the external auditor

e.) for goods or materials proposed to be purchased which are proprietary articles or are only sold at a fixed price.

11.4 When the Council is to enter into a contract of less than £25,000 for the supply of goods or materials or for the execution of works or specialist services other than those excepted by paragraph 11.3 the Clerk shall obtain 3 quotations (priced descriptions of the proposed supply). Where the value is below £3,000 and above £500, the Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.

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

11.6 If the Council, or duly delegated committee, does not accept any tender, quote or estimate, the Council shall convene a special meeting to decide on how to proceed.

12. ASSETS, PROPERTIES AND ESTATES

12.1 The Clerk shall maintain a record of any property held by the Council and ensure the safe custody of all title and deeds and Land Registry Certificates.

12.2 No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Council.

12.3 No real property (interests in land) shall be purchased or acquired without the authority of the Council.

13. INSURANCE

13.1 In consultation with Councillors, the Clerk shall arrange all insurances and negotiate all claims on the Council's insurers.

13.2 The Council shall seek to obtain a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

13.3 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.

14. RISK MANAGEMENT

14.1 The Council is responsible for managing of its identified risk. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.

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

15. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

15.1 The Council shall review these Financial Regulations annually. The Clerk shall review any amendments to the NALC Model Financial Regulations and shall advise the Council of any requirement for a consequential amendment to these Financial Regulations.

15.2 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.