

Winterborne St Martin Parish Council Financial Regulations

1. General

These Financial Regulations govern the financial management of the council and may only be amended or varied by resolution of the council. They are one of the council's governing documents and shall be observed in conjunction with the council's Standing Orders.

Councillors are expected to follow these regulations and not to entice employees to breach them. Failure to follow these regulations brings the office of councillor into disrepute.

Wilful breach of these regulations by an employee may result in disciplinary proceedings.

In these Financial Regulations:

- 'Accounts and Audit Regulations' means the regulations issued under Sections 32, 43(2) and 46 of the Local Audit and Accountability Act 2014, or any superseding legislation, and then in force, unless otherwise specified.
- 'Approve' refers to an online action allowing an electronic transaction to take place.
- 'Authorise' refers to a decision by the council, or a committee or an officer, to allow something to happen.
- 'Proper Practices' means those set out in the Practitioners' Guide issued by JPAG.

The Clerk/RFO holds the statutory office of Responsible Financial Officer and acts under the policy direction of the council, administers its financial affairs in accordance with all Acts, Regulations and proper practices, determines accounting systems, ensures that records are kept up to date, seeks economy and effectiveness, and produces financial information as required.

The council must not delegate decisions regarding: setting the final budget or the precept; the outcome of a review of internal controls; approving accounting statements; approving the annual governance statement; borrowing; declaring eligibility for the General Power of Competence; and addressing recommendations from internal or external auditors.

In addition, the council shall determine and regularly review the bank mandate for all council bank accounts; and authorise any grant or single commitment in excess of £1,000 (WSPMC local limit).

2. Risk Management and Internal Control

The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.

The Clerk/RFO shall prepare, for approval by the council, a risk management policy covering all activities of the council. This policy, and the resulting arrangements, shall be reviewed by the council at least annually.

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

At least once a year, the council must review the effectiveness of its system of internal control before approving the Annual Governance Statement.

The accounting control systems determined by the Clerk/RFO must include measures to ensure that risk is appropriately managed; ensure the prompt and accurate recording of financial transactions; prevent and detect inaccuracies and fraud; allow the reconstruction of any lost records; and identify the duties of officers dealing with transactions and ensure division of responsibilities.

At least once in each quarter, and at each financial year end, a member other than the Chair or a bank signatory shall verify the bank reconciliations for all accounts produced by the Clerk/RFO. The member shall sign and date the reconciliations and original bank statements as evidence. This activity, including any exceptions, shall be reported to and noted by the council.

Regular back-up copies shall be made of the records on any council computer and stored either online or in a separate location from the computer. The council shall put measures in place to ensure that the ability to access any council computer is not lost if an employee leaves or is incapacitated for any reason.

3. Accounts and Audit

All accounting procedures and financial records of the council shall be determined by the Clerk/RFO in accordance with the Accounts and Audit Regulations.

The accounting records determined by the Clerk/RFO must be sufficient to explain the council's transactions and to disclose its financial position with reasonable accuracy at any time.

In particular, they must contain: day-to-day entries of all sums of money received and expended by the council and the matters to which they relate; and a record of the assets and liabilities of the council.

The accounting records shall be designed to facilitate the efficient preparation of the accounting statements in the Annual Governance and Accountability Return (AGAR).

The Clerk/RFO shall complete and certify the annual Accounting Statements of the council contained in the AGAR in accordance with proper practices as soon as practicable after the end of the financial year. Having certified the Accounting Statements, the Clerk/RFO shall submit them, together with any related documents, to the council within the timescales required by the Accounts and Audit Regulations.

The council must ensure that there is an adequate and effective system of internal audit of its accounting records and internal control procedures in accordance with proper practices.

Any officer or member of the council must make available such documents and records as the internal or external auditor considers necessary for the purpose of the audit. Staff and members shall supply the Clerk/RFO, internal auditor or external auditor with such information and explanations as the council considers necessary.

The internal auditor shall be appointed by the council and shall evaluate the effectiveness of the council's risk management, control and governance processes in accordance with the Practitioners' Guide.

The council shall ensure that the internal auditor is competent and independent of the financial operations of the council; reports to the council in writing or in person at least once per year; is free from any actual or perceived conflicts of interest; and has no involvement in the management or control of the council.

Internal or external auditors may not under any circumstances perform operational duties for the council; initiate or approve accounting transactions; provide financial or legal advice regarding future transactions; or direct staff activities except where such staff are assigned to assist the internal audit function.

For the avoidance of doubt, in relation to internal audit, the terms 'independent' and 'independence' have the same meaning as that described in the Practitioners' Guide.

The Clerk/RFO shall make arrangements for the exercise of electors' rights in relation to the accounts, including inspection of the books, vouchers and supporting documents, and display or publication of any notices required by the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations.

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

4. Budget and Precept

Before setting a precept, the council must calculate its council tax requirement for each financial year by preparing and approving a budget, in accordance with the Local Government Finance Act 1992.

Budgets for salaries and wages, including employer contributions, shall be reviewed by the council at least annually in October for the following financial year. The final version shall be evidenced by a hard copy schedule signed by the Clerk/RFO and the Chair of the Council.

No later than 30 November each year, the Budget Working Group shall prepare a draft budget with detailed estimates of all receipts and payments for the following financial year, together with a forecast covering the following three financial years where applicable.

Unspent budgets for completed projects shall not be carried forward to a subsequent year. Unspent funds for partially completed projects may be carried forward only by formal approval of the full council and placed into an earmarked reserve.

If the council uses committees, each committee shall review its draft budget and submit proposed amendments to the council or finance committee not later than the end of November each year. (WSMPC note: The council currently operates without committees; therefore, the Clerk/RFO submits the full draft directly to council.)

The draft budget, including any recommendations for the use or accumulation of reserves, shall be considered by the council. Having considered the proposed budget, the council shall determine its council tax requirement and set a precept no later than the end of January for the ensuing financial year.

Any member with council tax unpaid for more than two months is prohibited from voting on the budget or precept by Section 106 of the Local Government Finance Act 1992. Members affected by this requirement must declare it at the start of the meeting.

The Clerk/RFO shall issue the precept to the billing authority no later than the end of January.

The agreed budget provides the basis for monitoring progress during the year by comparing actual spending and income against what was planned.

Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the council.

5. Procurement

Members and officers are responsible for obtaining value for money at all times. Officers procuring goods, services or works shall ensure, as far as practicable, that the best available terms are obtained by seeking prices from appropriate suppliers.

The Clerk/RFO shall verify the lawful nature of any proposed purchase before it is made. For new or infrequent purchases, the Clerk/RFO shall ensure that the legal power being used is recorded in the minutes of the meeting authorising the expenditure.

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Every contract shall comply with the council's Standing Orders and these Financial Regulations. No exceptions shall be made other than in an emergency.

For contracts where the estimated value exceeds the thresholds set by Parliament, the full requirements of the Procurement Act 2023 and The Procurement Regulations 2024 must be followed in respect of tendering, award and notification.

Where the estimated value is below the Government threshold, WSMPC shall obtain prices as follows:

- Over £60,000 (incl. VAT): Formal tender process, with at least three suppliers invited OR an open tender advertised, following NALC model rules.
- Over £3,000 (excl. VAT): Clerk/RFO must obtain at least three fixed-price written quotes.
- Between £100 and £3,000 (excl. VAT): Clerk/RFO shall aim to obtain three estimates (which may include online prices or supplier catalogue prices).

Contracts must not be split to avoid procurement thresholds.

Competitive prices need not be obtained where the contract relates to specialist services (e.g., legal advice), repairs or parts for existing equipment, extensions of existing contracts, or goods/services only available from one supplier.

Applications to waive procurement rules must set out the reasons in writing. Avoidance of competition is not a valid reason. The council is not obliged to accept the lowest tender, quote, or estimate.

Authorisation limits:

- Clerk/RFO may authorise individual purchases within an agreed budget up to £1,000.
- The council must authorise any expenditure above £1,000.

In cases of serious risk to the delivery of council services or to public safety, the Clerk/RFO may authorise emergency expenditure up to £1,000, reporting such action to the Chair as soon as possible and to the council as soon as practicable.

No expenditure shall be authorised, nor contract entered into or tender accepted, unless the council is satisfied that the necessary funds are available and, where borrowing is required, that government borrowing approval has been obtained.

An official order or letter shall be issued for all work, goods and services exceeding £250, unless a formal contract is to be prepared. Copies of all orders shall be retained together with evidence of goods or services received.

The Clerk/RFO shall maintain control over all ordering systems. No individual councillor may issue an order or commit the council to any expenditure unless authorised by council resolution.

6. Banking and Payments

The council's banking arrangements, including the bank mandate, shall be made by the Clerk/RFO and authorised by the council. Banking arrangements shall not be delegated to a committee. The arrangements shall be reviewed annually to ensure efficiency and security.

The council must have safe and efficient arrangements for the making of its payments and must safeguard against the possibility of fraud or error. Wherever possible, more than one person should be involved in authorising any payment, whether through online banking or cheque signing.

Even where a purchase has been authorised, the payment itself must also be authorised. Only authorised payments shall be approved or signed, allowing funds to leave the council's bank accounts.

All invoices for payment shall be examined for arithmetical accuracy, analysed to the appropriate expenditure heading, and verified to confirm that the work, goods, or services were received, checked, and represent expenditure previously authorised by the council. This verification and certification shall be carried out by the Clerk/RFO.

Personal payments, including salaries, wages, expenses, and any payments made relating to the termination of employment, may be summarised to avoid the public disclosure of personal information.

All payments shall be made by online banking, in accordance with a resolution of the council. WSMPC does not operate committees nor delegate payment instruction to officers beyond Clerk/RFO limits.

For each financial year, the Clerk/RFO may draw up a schedule of regular payments arising from continuing contracts, statutory duties, or obligations (such as salaries, PAYE, National Insurance, pension contributions, rent, regular maintenance contracts, or similar). The council may authorise such payments for the entire year in advance. These payments shall be reported to the council for information.

Delegated authority of Clerk/RFO:

- Payments necessary to avoid a charge under the Late Payment of Commercial Debts (Interest) Act 1998 may be authorised by the Clerk/RFO where the due date is before the next scheduled meeting, provided there is no dispute. Such payments shall be reported to the next council meeting.

- Fund transfers within the council's banking arrangements of up to £1,000 may be authorised by the Clerk/RFO, with a list of such transfers submitted to the next meeting of the council.

The Clerk/RFO shall present a schedule of all payments requiring formal council authorisation. The schedule shall form part of the meeting agenda. The council shall review the schedule, and having satisfied itself as to compliance, shall authorise payment by resolution. The authorised schedule shall be initialled immediately below the final item by the person chairing the meeting.

A detailed list of all payments approved and made shall be included within, or appended to, the minutes of that meeting.

7. Electronic Payments

Where internet banking arrangements are made with any bank, the Clerk/RFO shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify a number of councillors who will be authorised to approve transactions, and a minimum of two people shall be involved in any online approval process.

All authorised signatories shall have access to view the council's bank accounts online.

No employee or councillor shall disclose any PIN or password relevant to the council or its banking arrangements to anyone not authorised in writing by the council.

The Clerk/RFO, acting as Service Administrator, shall set up all items due for payment online. A list of payments for approval, together with copies of the relevant invoices, shall be sent electronically to two authorised signatories.

In the prolonged absence of the Clerk/RFO, an authorised signatory may set up payments due before the return of the Clerk/RFO.

Two authorised signatories shall check the payment details against the invoices before approving each payment using the online banking system.

Evidence shall be retained showing which members approved the payment online. A printout or digital confirmation of the completed transaction shall be appended to the invoice or stored within the council's financial records for audit purposes.

A full list of all payments made in a month shall be provided to the next council meeting and appended to the minutes where appropriate.

With the approval of the council, regular payments (such as utility bills, NNDR, waste collection, broadband, telephony, pension contributions, and HMRC payments) may be made by variable direct debit, provided that the instructions are signed or approved online by two authorised members. The approval for each variable direct debit shall be reviewed at least every two years.

Payment may be made by BACS or CHAPS by resolution of the council, provided that each payment is approved online by two authorised bank signatories, evidence is retained, and such payments are reported to the next available council meeting. The approval for the use of BACS or CHAPS shall be renewed by resolution at least every two years.

Where considered appropriate, regular payments of fixed sums may be made by banker's standing order, provided that the instructions are signed or approved online by two authorised members. Evidence of this approval shall be retained, and any payments made by standing order shall be reported to council when made. Standing order approvals shall be reviewed at least every two years.

Account details for suppliers may only be amended upon written notification from the supplier, verified by two individuals (Clerk/RFO and one member, or two members). Individuals shall ensure that any changes to supplier banking details are genuine. Supplier details shall be reviewed with suppliers every two years as part of fraud-prevention measures.

Members and officers shall ensure that any computer used for council banking work has adequate security measures, including antivirus, antispyware and firewall software, all regularly updated.

Password-saving or 'remember password' functions must not be used on any computer used for council banking unless part of a secure password-management system requiring separate identity verification.

8. Payment of Salaries and Allowances

As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation. Councillor allowances (where paid) are also liable for tax under PAYE rules and must be correctly processed before payment.

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

Payment of salaries shall be made after the deduction of tax, National Insurance, pension contributions, and any other statutory or discretionary deductions, on the dates stipulated in employment contracts. All deductions shall be paid to the relevant bodies within required statutory timescales.

Each payment to the Clerk/RFO (or other employees, if applicable) of net salary and to the appropriate creditor of statutory and discretionary deductions shall be recorded in a payroll control account or separate confidential record. The total of such payments each calendar month shall be reported in summary within the council's financial records.

Payroll records are confidential and shall not be open to inspection except by councillors who can demonstrate a need to know, the internal auditor, external auditor, or any person authorised under relevant legislation.

Any termination payments shall be supported by a report to the council setting out a clear business case. Termination payments shall only be authorised by a resolution of the full council.

Before engaging interim staff, the council must consider a full business case setting out the reasons for the appointment, financial implications, and expected duration.

9. Loans and Investments

Any application for Government approval to borrow money and the subsequent arrangements for any loan must be authorised by the full council and recorded in the minutes. All borrowing shall be undertaken in the name of the council, after obtaining any necessary approval.

Any financial arrangement which does not require formal borrowing approval (such as hire purchase, leasing of assets, or short-term loans repayable within the financial year) must be authorised by the full council following a written report that sets out the value-for-money considerations.

The council shall consider whether it requires an Investment Strategy and an Investment Policy, written in accordance with relevant Statutory Guidance on Local Government Investments. Any such Strategy or Policy shall be reviewed by the council at least annually.

The council has adopted a separate Investment Policy which shall be reviewed annually alongside these Financial Regulations. All investments shall be managed in accordance with that Policy and the Statutory Guidance on Local Government Investments.

All investment of money under the control of the council shall be in the name of the council.

All investment certificates and other documentation relating to investments shall be retained securely in the custody of the Clerk/RFO.

Payments in respect of short-term or long-term investments, including transfers between bank accounts held in the same bank, shall be made in accordance with the council's approved banking and payment procedures.

10. Income

The collection of all sums due to the council shall be the responsibility of, and under the supervision of, the Clerk/RFO.

The council shall review all fees and charges at least annually as part of the budget-setting process. The Clerk/RFO shall be responsible for the collection of all amounts due, ensuring that appropriate records are maintained.

Any sums found to be irrecoverable, and any bad debts, shall be reported to the council by the Clerk/RFO and shall be written off in the year, with the council's approval recorded in the accounting records.

All sums received on behalf of the council shall be deposited intact with the council's bankers, with such frequency as the Clerk/RFO considers necessary. The origin of each receipt shall be clearly recorded on the paying-in slip or equivalent record.

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

The Clerk/RFO shall ensure that VAT is correctly recorded in the council's accounting system and that any VAT return required is submitted by the due date, in accordance with VAT legislation.

Where significant sums of cash are regularly received, the Clerk/RFO shall ensure that more than one person is present when the cash is counted initially, that there is a reconciliation with supporting records (such as ticket issues), and that appropriate security measures are in place for banking.

The council does not act as sole managing trustee of a charity; therefore, income related to charitable trusts does not apply.

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11. Payments Under Contracts for Building or Other Construction Works

Where contracts provide for payment by instalments, the Clerk/RFO shall maintain a record of all such payments. Payments shall be made within the time specified in the contract and only upon receipt of signed certificates issued by the architect, surveyor, or other consultant appointed to supervise the contract.

In any case where it is estimated that the total cost of work carried out under a contract—excluding any agreed variations—will exceed the contract sum by 5% or more, the Clerk/RFO shall report this to the council at the earliest opportunity.

Any variation to a contract, or any addition to or omission from a contract, must be authorised in writing by the Clerk/RFO to the contractor. The council shall be informed where the final cost is likely to exceed the financial provision made for the project.

No payments shall be made for work that has not been properly certified or verified as completed in accordance with the contract's requirements.

12. Stores and Equipment

The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section. For WSMPC, this responsibility falls to the Clerk/RFO unless otherwise delegated in writing.

Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered. Goods shall be checked as to order and quality at the time delivery is made.

Stocks shall be kept at the minimum levels consistent with operational requirements.

The Clerk/RFO shall be responsible for periodic checks of stocks and stores, which shall take place at least annually. The results of these checks shall be recorded and retained as part of the council's asset and inventory management system.

13. Assets, Properties and Estates

The Clerk/RFO shall make appropriate arrangements for the safe custody of all title deeds and Land Registry certificates of properties held by the council.

The Clerk/RFO shall ensure that an accurate and up-to-date Register of Assets and Investments is maintained, recording for each asset: its location, extent, plan reference, purchase details, nature of the interest, tenancy arrangements (if any), rents payable, and purpose for which it is held.

The continued existence and condition of tangible assets recorded in the Register shall be verified at least annually. This verification may be carried out in conjunction with a health and safety inspection or other scheduled review of council assets.

No interest in land (including purchase, lease, sale, or disposal) shall be acquired or disposed of without the authority of the full council, and only after obtaining any consents required by law. A written report shall be provided to the council, including a valuation, a surveyed condition assessment, details of covenants, planning constraints, and a business case, including community consultation where required.

No tangible movable property with an estimated value exceeding £250 shall be purchased or otherwise acquired, sold, leased, or disposed of without authority from the council. In each such case a written report shall be provided to the council with a full business case.

The Clerk/RFO shall ensure that the Register of Assets and Investments is updated promptly to reflect acquisitions, disposals, and changes in condition or use.

14. Insurance

The Clerk/RFO shall keep a record of all insurances effected by the council and the property and risks covered, undertaking an annual review prior to renewal in conjunction with the council's overall risk management process.

The Clerk shall give prompt notification to the Clerk/RFO of all new risks, properties, or vehicles which require insurance, and of any alterations affecting existing insurances.

The Clerk/RFO shall be notified of any loss, liability, damage, or event likely to lead to a claim. The Clerk/RFO shall report such incidents to the council at the next available meeting and shall manage the claim process with the council's insurers.

All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance. The level of cover shall be determined annually by the council, ensuring that it corresponds to the maximum risk exposure identified.

15. Suspension and Revision of Financial Regulations

The council shall review these Financial Regulations at least annually and following any change of Clerk/RFO. The Clerk/RFO shall monitor changes in legislation or proper practices and shall advise the council of any need to amend these Financial Regulations.

The council may, by resolution duly notified prior to the relevant council meeting, suspend any part of these Financial Regulations, provided that the reasons for the suspension are recorded in the minutes and that an assessment of the risks arising has been presented to all members. Suspension of the Regulations does not permit the council to act unlawfully or contrary to statutory requirements.

The council may temporarily amend these Financial Regulations by a duly notified resolution to cope with periods of absence, local government reorganisation, national restrictions, or other exceptional circumstances. Any such amendments shall remain in force only for the period specified by the council and shall be reviewed regularly.

No permanent alteration to these Financial Regulations shall be made except by resolution of the full council.

Appendix 1 – Tender Process

Any invitation to tender shall state the general nature of the intended contract. The Clerk/RFO shall obtain any necessary technical assistance to prepare a specification, where appropriate.

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Submission method: Tenders must be addressed to the Clerk/RFO in the ordinary course of post, unless an electronic tendering process has been approved by the council.

Postal tenders: 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.

Opening of tenders (postal): All sealed tenders shall be opened at the same time on the prescribed date by the Clerk/RFO in the presence of at least one member of the council.

Electronic tenders: Where an electronic tendering process is used, the council shall use a dedicated email inbox or e-tender portal that is monitored to ensure that no tender is accessed before the deadline for submission.

Compliance: Any invitation to tender issued under this appendix shall be subject to the council's Standing Orders (appropriate reference to be inserted) and shall refer to the terms of the Bribery Act 2010.

Re-tendering rule: Where the council does not accept any tender, quote or estimate and the specification is unchanged, no person who was present during the original decision-making process may submit a later tender, estimate or quote for the same work.

Threshold alignment: This tender process applies to contracts at or above the council's formal tender threshold (currently £60,000 including VAT), and may also be used at lower values where the council determines it is beneficial to competition, transparency or value for money.