



CHISELDON PARISH COUNCIL FINANCIAL REGULATIONS

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Text in bold is with regard to legislation and cannot be changed or removed.

1. General

- 1.1. These Financial Regulations govern the financial management of the council and may only be amended or varied by resolution of the council.
- 1.2. The Responsible Financial Officer (RFO) under the policy direction of the finance committee shall be responsible for the proper administration of the council's financial affairs and the production of financial management information.
- 1.3. The parish clerk or such other person as may be nominated from time to time by the council to be the RFO.
- 1.4. **The council must not delegate any decision regarding:**
 - **setting the final budget or the precept (council tax requirement);**
 - **the outcome of a review of the effectiveness of its internal controls**
 - **approving accounting statements;**
 - **approving an annual governance statement;**
 - **borrowing;**
 - **declaring eligibility for the General Power of Competence; and**
 - **addressing recommendations from the internal or external auditors**

2. Risk Management and Internal Control

- 2.1. **The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.**
- 2.2. **At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.**
- 2.3. **The accounting control systems determined by the RFO must include measures to:**
 - **ensure that risk is appropriately managed;**
 - **ensure the prompt, accurate recording of financial transactions;**
 - **prevent and detect inaccuracy or fraud; and**
 - **allow the reconstitution of any lost records;**
 - **identify the duties of officers dealing with transactions and**
 - **ensure division of responsibilities.**
- 2.4. Once a month and at each financial year end, a member shall be appointed to verify bank reconciliations for all accounts, produced by the RFO. The member shall sign and date the reconciliations and bank statements (or similar document) as evidence of this. This activity shall be reported to and noted by the council.

3. Accounts and Audit

- 3.1. All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.
- 3.2. **The accounting records determined by the 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;**
 - **a record of the assets and liabilities of the council;**
- 3.3. The RFO shall complete and certify the annual Accounting Statements of the council contained in the Annual Governance and Accountability Return in accordance with proper practices, as soon as practicable after the end of the financial year. Having certified the Accounting Statements, the RFO shall submit them (with any related documents) to the council, within the timescales required by the Accounts and Audit Regulations.
- 3.4. **The council must ensure that there is an adequate and effective system of internal audit of its accounting records and internal control system in accordance with proper practices.**
- 3.5. **Any officer or member of the council must make available such documents and records as the internal or external auditor consider necessary for the purpose of the audit.**
- 3.6. The internal auditor shall be appointed by the council or finance committee and shall carry out their work to evaluate the effectiveness of the council's risk management, control and governance processes in accordance with proper practices specified in the Practitioners' Guide.
- 3.7. The council shall ensure that the internal auditor:
 - is competent and independent of the financial operations of the council;
 - reports to council in writing, on a minimum of one written report during each financial year;
 - can demonstrate competence, objectivity and independence, free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - has no involvement in the management or control of the council
- 3.8. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts, including the opportunity to inspect the accounts and publish any notices and documents required by the Local Audit and Accountability Act 2014, or any superseding legislation, and the Accounts and Audit Regulations.
- 3.9. The 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

- 4.1. **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 or succeeding legislation.**
- 4.2. Budgets for salaries and wages, including employer contributions shall be reviewed by the council at least annually as part of the following years budget setting exercise.
- 4.3. The RFO shall prepare a draft budget with detailed estimates of all receipts and payments/income and expenditure for the following financial year.
- 4.4. Each committee shall formulate and submit proposals to the finance committee in respect of revenue services and capital projects for inclusion in the budget, no later than the end of October each year.
- 4.5. Unspent provisions in the revenue budget shall not be carried forward to a subsequent year, although material amounts may be ringfenced if there is good reason for expenditure to be deferred.
- 4.6. The finance committee shall review the draft budget, including any recommendations for the use or accumulation of reserves, and submit them to the council no later than the end of January each year and shall recommend the precept to be levied for the ensuing financial year.
- 4.7. **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 and must and must disclose at the start of the meeting that Section 106 applies to them.**
- 4.8. The Clerk or RFO shall **issue the precept to the billing authority no later than the end of February.**
- 4.9. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.
- 4.10. Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the council or relevant committee.
- 4.11. Every quarter the full council will review the budget report from the Xero accounting package to monitor spend against budget to highlight any areas of overspend that may be a concern and to identify areas of underspend to ensure council funds are spent for which they were raised via the precept.

5. Procurement

- 5.1. **Members and officers are responsible for obtaining value for money at all times.**
- 5.2. The Clerk or RFO should verify the lawful nature of any proposed purchase before it is made and in the case of new or infrequent purchases, should ensure that the

legal power being used is reported to the meeting at which the order is authorised and also recorded in the minutes.

- 5.3. Every contract shall comply with the council's Standing Orders and Financial Regulations and no exceptions shall be made, unless otherwise directed by the council or except in an emergency.
- 5.4. **For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Public Contracts Regulations 2015 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award and notification of that contract.**
- 5.5. Where the estimated value is below the Government threshold, the council shall (with the exception of items listed in paragraph 5.12) obtain prices as follows:
- 5.6. For contracts estimated to exceed £30,000 excluding VAT, the Clerk shall seek formal tenders from at least three suppliers OR advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation.
- 5.7. **For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation¹ regarding the advertising of contract opportunities and the publication of notices about the award of contracts.**
- 5.8. For contracts greater than £3,000 excluding VAT the Clerk or RFO shall use their best endeavours to seek at least 3 fixed-price quotes;
- 5.9. where the value is between [£500] and [£3,000] excluding VAT, the Clerk or RFO shall try to obtain 3 estimates, which might include evidence of online prices, or recent prices from regular suppliers.
- 5.10. For smaller purchases, the Clerk and RFO shall seek to achieve value for money.
- 5.11. **Contracts must not be split into smaller lots to avoid compliance with these rules.**
- 5.12. The requirement to obtain competitive prices in these regulations need not apply to contracts that relate to items (i) to (iv) below:
 - i. specialist services, such as legal professionals acting in disputes;
 - ii. repairs to, or parts for, existing machinery or equipment;
 - iii. works, goods or services that constitute an extension of an existing contract;
 - iv. goods or services that are only available from one supplier or are sold at a fixed price.
- 5.13. When applications are made to waive this financial regulation to enable a price to be negotiated without competition, the reason should be set out in a

¹The Regulations require councils to use the Contracts Finder website if they advertise contract opportunities and also to publicise the award of contracts over £30,000 including VAT, regardless of whether they were advertised.

recommendation to the council or relevant committee. Avoidance of competition is not a valid reason.

- 5.14. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 5.15. Individual purchases within an agreed budget for that type of expenditure may be authorised by:
- the Clerk, under delegated authority, for any items below £500 excluding VAT.
 - the Clerk, in consultation with the Chair of the Council or Chair of the appropriate committee, for any items below £2,000 excluding VAT.
 - Where funds are in the delegated budget or allocated reserves for the item, the delegated committee for the council may authorise purchases with no upper limit. If the funds for the item would come from unallocated reserves then full council or the Finance Committee would be required to give approval via majority vote.
 - in respect of grants, the Council or FC, a maximum donation per individual/group/organisation of £500 per year.

Such authorisation must be supported by a minute (in the case of council or committee decisions) or other auditable evidence trail.

- 5.16. In cases of serious risk to the delivery of council services or to public safety on council premises, the clerk or RFO may authorise expenditure of up to £2,500 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. The clerk shall report such action to the chair as soon as possible and to the council or finance committee as soon as practicable thereafter.
- 5.17. No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless the council, or relevant committee where the budget or allocated reserves are held is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first.
- 5.18. Such 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 sent via email, addressed to the clerk by a due date. Each tendering firm shall supply their quote via an email attachment (word or PDF etc). The Clerk or RFO will check the tenders to ensure they meet the qualifying criteria. They will not share the content of the quotes with Cllrs or other interested parties before the item is on the agenda for a meeting.
- 5.19. If less than three tenders are received for contracts valued above £1,000 or if all the tenders are identical the council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.

6. Banking and Payments

- 6.1. All invoices for payment should be examined for arithmetical accuracy and verified to confirm that the work, goods or services were received, checked and represent expenditure previously authorised by the council before being certified by the RFO. Where the certification of invoices is done as a batch, this shall include a statement by the RFO that all invoices listed have been 'examined, verified and certified' by the RFO.
- 6.2. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of employment) may be summarised to avoid disclosing any personal information.
- 6.3. The clerk and RFO shall have delegated authority to authorise payments in the following circumstances:
 - 6.3.1. In the event of a payment on the councils banking system being overdue or urgent, and there are insufficient Cllrs available to make that approval, the Clerk and RFO are authorised to approve the payment. This includes any payment necessary to avoid a charge under the Late Payment of Commercial Debts (Interest) Act 1998
 - 6.3.2. Fund transfers within the councils banking arrangements of any amount, provided that such payments shall be included within the appropriate monthly list of payments submitted to the council at the next appropriate meeting.
- 6.4. The RFO shall present a schedule of payments requiring council approval, forming part of the agenda for the monthly full council meeting. The council shall review the schedule for compliance and, having satisfied itself, of the accuracy of the schedule, by resolution. A detailed list of all payments shall be placed on the councils website as soon as is practical after the approval. The chairman of the relevant committee or the council chairman (as appropriate) will sign the invoices (or front page if certification of invoices is done as a batch) to indicate their approval of payment.

7. Electronic Payments

- 7.1. Where internet banking arrangements are made with any bank, the RFO shall be the service administrator.
- 7.2. The 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 by email to at least two authorised signatories.
- 7.3. In the prolonged absence of the service administrator, an authorised signatory shall set up any payments due before the return of the service administrator.
- 7.4. Two councillors who are authorised signatories shall check the payment details against the invoices before approving each payment using the online banking system.

- 7.5. Evidence is available on Unity online banking, showing which members approved the payment online.
- 7.6. A full list of all payments made in a month shall be provided to the next council meeting and added to the councils website once approved.
- 7.7. With the approval of the council in each case, regular payments (such as gas, electricity, telephone, broadband, water, National Non-Domestic Rates, refuse collection, pension contributions and HMRC payments etc) may be made by variable direct debit, provided that the instructions are signed/approved online by two authorised members or signatories.
- 7.8. If thought appropriate by the council, regular payments of fixed sums may be made by banker's standing order, provided that the instructions are signed or approved online by two members.
- 7.9. Account details for suppliers may only be changed upon written notification by the supplier and verified by the clerk or RFO. This is a potential area for fraud and the individuals involved should ensure that any change is genuine.
- 7.10. Members and officers shall ensure that any computer used for the council's financial business has adequate security, with anti-virus, anti-spyware and firewall software installed and regularly updated.

8. Cheque Payments

- 8.1. Cheques or orders for payment in accordance with a resolution or delegated decision shall be signed by two members or in the event of an emergency, two signatories.
- 8.2. A signatory having a family or business relationship with the beneficiary of a payment shall not, under normal circumstances, be a signatory to that payment.

9. Payment Cards

- 9.1. A corporate credit card opened by the council will be specifically restricted for use by the clerk and RFO. Any balance shall be paid in full each month and maximum spend limits for the card shall be reviewed and approved by the council.

10. Petty Cash

- 10.1. 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.

11. Payment of Salaries and Allowances

- 11.1. **As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.**

11.2. Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.

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

11.4. The council will conduct salary reviews with staff as required. This will be conducted by the council or finance committee. The national pay scale for clerks will be used to calculate the clerk & RFO's salary reviews.

11.5. The payment of all salaries and wages shall be made by the RFO (or clerk) in accordance with the payroll records. Currently the payroll process is not contracted out. The HMRC 'Basic PAYE Tools' system will be used to calculate deductions.

11.6. Staff will be paid monthly by the council's current method of approving expenditure. Staff will also have any expenses approved and paid at least monthly, by the same methods. Statutory PAYE and NI deductions will be made before salaries are calculated. The RFO will ensure relevant monthly payments to HMRC are carried out.

11.7. The clerk and RFO will not, under normal circumstances, add their own salaries to online banking, with the exception of an emergency.

11.8. Payroll documentation is authorised by the chair of finance committee, or by the council chairman or vice chairman in his/her absence.

12. Pensions

12.1. As per legal requirement, all salaried staff will be added to the parish council's pension scheme with the minimum legal contribution required by both employee and employer.

12.2. Any payment above the minimum from the employer will be subject to a majority vote of the council or finance committee and can be reviewed at any time.

12.3. As minimum payments change due to changes in the law, the employer (via the RFO) will ensure that legal requirements are still met with regards to these payments.

12.4. Staff will be kept fully informed of the payments they must make and the payments the employer makes. It is the responsibility of the RFO to update staff.

12.5. The employer will use a nationally recognised pension provider for this provision.

12.6. All new employees will be added to the pension provision where legal requirement stipulates they should be included.

13. Loans and Investments

13.1. All loans and investments shall be negotiated by the RFO in the name of the council and shall be for a set period of time in accordance with council policy. Changes to

loans and investments should be reported to the finance committee at the earliest opportunity.

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

13.3. All borrowing shall be effected in the name of the council.

13.4. All investments certificates and other documents relating thereto shall be retained in the custody of the RFO.

14. Income

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

14.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts due to the council.

14.3. The council or relevant committee will review all fees and charges periodically or upon the recommendation of the RFO or clerk.

14.4. Any bad debts shall be reported to the finance committee or council.

14.5. All sums received on behalf of the council shall be handed to the RFO for banking. In all cases, receipts shall be deposited with the council's bankers with such frequency as the RFO considers necessary. The origin of each receipt shall clearly be recorded on the paying-in slip or other record.

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

14.7. The council shall not accept cash payment for any goods or services supplied by them. All payments to be in the form of cheque or direct bank transfer.

14.8. The RFO shall ensure that VAT is correctly recorded in the council's accounting software and that any VAT Return required is submitted from the software by the due date.

15. Orders for Work, Goods and Services

15.1. An official order, letter or email shall be issued for all work, goods and services over the value of £1,000, unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders issued shall be maintained.

15.2. Orders shall be controlled by the clerk or RFO.

15.3. The RFO, clerk and members of the council are responsible for obtaining value for money at all times.

16. Contracts

16.1. Procedures for contracts are laid down in the council's standing orders.

17. Payments under contracts for building or other constructive work

- 17.1. Payments on account of the contract sum shall be made within the time specified in the contract by the RFO or Clerk upon authorised certificates of the architect or other consultants engaged to supervise the works (subject to any percentage withholding as may be agreed in the particular contract).
- 17.2. Where contracts provide for payment by instalments the RFO or Clerk shall maintain a record of all such payments. In any case when it is estimated that the total cost of the work carried out under the contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the appropriate committee.
- 17.3. Any variation to a contract or addition to or omission from a contract (following consultation with the appropriate committee/council), must be authorised by relevant committee or full council and then the clerk will inform the contractor in writing.

18. Stores and Equipment

- 18.1. The clerk shall be responsible for the care and custody of stores and equipment.

19. Assets, Properties and Estates

- 19.1. The clerk shall make arrangements for the safe custody of all title deeds and Land Registry Certificates of properties held by the council.
- 19.2. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date, with a record of all properties held by the council, their location, extent, plan, purchase details (if known), nature of the interest (if relevant). Details are also kept for any tenancies granted, rents payable and purpose for which held, in accordance with Accounts and Audit Regulations.
- 19.3. The continued existence of tangible assets shown in the Asset Register shall be verified at least annually via the risk assessments that the Clerk ensures are carried out. The clerk will advise the RFO of any assets missing or disposed of, or otherwise needing updating on the Asset Register.
- 19.4. No property shall be sold, leased or otherwise disposed of without notifying the council. With the exception of minor office items.
- 19.5. No interest in land 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. In each case a written report 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 where required by law).

19.6. 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, except where the estimated value of any one item does not exceed [£500]. In each case a written report shall be provided to council with a full business case.

20. Insurance

20.1. The RFO or clerk shall effect all insurances and negotiate all claims on the council's insurers, taking advice from other sources if required.

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

20.3. The RFO and clerk shall be notified of any loss liability or damage or any event likely to lead to a claim. The RFO and clerk shall negotiate all claims on the council's insurance and report back to the relevant committee/council.

21. Charities

21.1. Not relevant at this time as the council are not the trustee for any charities at the date of the last approval of this document.

22. Revision of Financial Regulations

It shall be the duty of the full council to review the Financial Regulations of the council annually and approve any changes. They can also be approved at additional times throughout the year if changes to legislation occur.

22.1. The council may, by resolution 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 presented to all members. Suspension does not disapply any legislation or permit the council to act unlawfully.

22.2. 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.

23. Adherence to General Data Protection Regulations (GDPR)

23.1. Data use. The council will only use personal data for the purpose of which it was supplied. We will not use this data for other purposes or share it with any other bodies unless express permission from the owner is granted. See our latest privacy

notice for further details. Our Financial Risk Assessment will assess data use bi-annually.

We follow the ICO's 6 principles of storing and handling data:

- Lawfulness, fairness and transparency
- Purpose Limitation
- Data Minimisation
- Accuracy
- Storage Limitation
- Integrity and Confidentiality

See document titled "6 Principles of GDPR data" for further information.

23.2. Data Retention. The council will only keep personal data for as long as it is required, to enable us to carry out our functions and duties successfully. Once data is not required it will be deleted from our systems. See document 'CPC Retention periods for Data' for further details. Our Financial Risk Assessment will review the retention periods biannually.

23.3. Data stored within the UK/EU. The council ensures that no personal data is stored outside of the UK/EU. Our Financial Risk Assessment will address this bi-annually.

Appendix 1 - Tender Process

- 1) Any 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.
- 2) The invitation shall in addition state that tenders must be addressed to the clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the council.
- 3) Where a postal process is used, 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. 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.
- 4) Where an electronic tendering process is used, the council shall use a specific email address that will be monitored to ensure that nobody accesses any tender before the expiry of the deadline for submission.

Any invitation to tender issued under this regulation shall be subject to Standing Order item named "STANDING ORDERS FOR TENDERS AND CONTRACTS" and shall refer to the terms of the Bribery Act 2010.

- 5) Where 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, 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.

Updated September 24.

Approved at October 24 Full Council meeting. Minute ref 24/117.

To be reviewed May 25