

# GREETHAM PARISH COUNCIL FINANCIAL REGULATIONS

## Contents

1. General.....	2
2. Risk management and internal control.....	3
3. Accounts and audit.....	4
4. Budget and precept.....	5
5. Procurement.....	6
6. Banking and payments.....	7
7. Electronic payments.....	8
8. Cheque payments.....	9
9. Payment cards.....	9
10. Payment of salaries and allowances.....	9
11. Income.....	10
12. Assets and Properties.....	10
13. Insurance.....	11
14. Suspension and revision of Financial Regulations.....	11

These Financial Regulations were adopted by the council at its meeting held on 4<sup>th</sup> September 2024.

## 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. They are one of the council's governing documents and shall be observed in conjunction with the council's Standing Orders.
- 1.2. 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.
- 1.3. Wilful breach of these regulations by an employee may result in disciplinary proceedings.
- 1.4. 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*
  - *Practitioners' Guide* refers to the guide issued by the Joint Panel on Accountability and Governance (JPAG) and published by NALC in England or Governance and Accountability for Local Councils in Wales – A Practitioners Guide jointly published by One Voice Wales and the Society of Local Council Clerks in Wales.
  - 'Must' and **bold text** refer to a statutory obligation the council cannot change.
  - 'Shall' refers to a non-statutory instruction by the council to its members and staff.
- 1.5. The Responsible Financial Officer (RFO) holds a statutory office, appointed by the council. The Clerk has been appointed as RFO and these regulations apply accordingly. The RFO;
  - 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 control systems;
  - ensures the accounting control systems are observed;
  - ensures the accounting records are kept up to date;
  - seeks economy, efficiency and effectiveness in the use of council resources; and
  - produces financial management information as required by the council.
- 1.6. **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**

1.7. In addition, the council shall:

- determine and regularly review the bank mandate for all council bank accounts;
- authorise any grant or single commitment in excess of [£5,000]; and

## **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. The RFO shall prepare, for approval by [the council], a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually.
- 2.3. When considering any new activity, the RFO shall prepare a draft risk assessment including risk management proposals for consideration by the council.
- 2.4. **At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.**
- 2.5. **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.**
- 2.6. Every month a member other than the Chair shall be appointed to verify bank reconciliations produced by the RFO. The member shall sign and date the reconciliations as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council.
- 2.7. 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

- 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 accounting records shall be designed to facilitate the efficient preparation of the accounting statements in the Annual {Governance and Accountability} Return.
- 3.4. 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.
- 3.5. **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.**
- 3.6. **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** and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary.
- 3.7. The internal auditor shall be appointed by the council 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.
- 3.8. The council shall ensure that the internal auditor:
  - is competent and independent of the financial operations of the council;
  - reports to council in writing, or in person, on a regular basis with 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
- 3.9. Internal or external auditors may not under any circumstances:
  - perform any operational duties for the council;

- initiate or approve accounting transactions;
  - provide financial, legal or other advice including in relation to any future transactions; or
  - direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 3.10. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as described in The Practitioners Guide.
- 3.11. 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 documents required by the Local Audit and Accountability Act 2014, or any superseding legislation, and the Accounts and Audit Regulations.
- 3.12. 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 (England)/budget (Wales)] 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 in January for the following financial year and the final version shall be evidenced by a hard copy schedule signed by the Clerk and the Chair of the Council.
- 4.3. No later than November/December each year, the RFO shall prepare a draft budget with detailed estimates of all receipts and payments/income and expenditure for the following financial year taking account of the lifespan of assets and cost implications of repair or replacement.
- 4.4. Unspent budgets for completed projects shall not be carried forward to a subsequent year. Unspent funds for partially completed projects may only be carried forward (by placing them in an earmarked reserve) with the formal approval of the full council.
- 4.5. Focus Groups will review budgets in October and present their forecasts to the November Meeting. The RFO and Chair will prepare the budget for approval by the full Council in January and set the precept at that time.
- 4.6. The draft budget forecast, including any recommendations for the use or accumulation of reserves, shall be considered by the council.
- 4.7. Having considered the proposed budget and forecast, the council shall determine its council tax (England) requirement by setting a budget. The council shall set a precept for this amount no later than the end of January for the ensuing financial year.

- 4.8. The precept will be agreed along the following lines:
- The object will be to maintain at bank balance of between 3 and 12 months precept at the year end, in order to have a reserve for unplanned expenditure.
  - Routine expenditure (Wages, Fuel, Insurance etc) will be forecast on the basis of the previous year with an allowance for inflation.
  - Project expenditure will be included (but this will not be a commitment at this time).
- 4.9. **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.**
- 4.10. The RFO shall **issue the precept to the billing authority no later than the end of February** and supply each member with a copy of the agreed annual budget.
- 4.11. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.
- 4.12. Greetham Parish Council have a Reserve Policy which sets out how the Council will determine and review the level of resources. Movements in Earmarked Reserves shall be reported to the Parish Council as part of the monthly Budget to actual report. The level of general reserves shall be reviewed on an annual basis during the annual budgetary review.

## 5. Procurement

- 5.1. **Members and officers are responsible for obtaining value for money at all times.** Any officer procuring goods, services or works should ensure, as far as practicable, that the best available terms are obtained, usually by obtaining prices from several suppliers.
- 5.2. Every contract shall comply with these the council's Standing Orders and these Financial Regulations and no exceptions shall be made, except in an emergency.
- 5.3. **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.**
- 5.4. **For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation<sup>1</sup> regarding the advertising of**

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<sup>1</sup> The 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.

**contract opportunities and the publication of notices about the award of contracts.**

- 5.5. For contracts greater than £10,000 excluding VAT the RFO shall seek at least 2 fixed-price quotes;
- 5.6. For smaller purchases, the clerk shall seek to achieve value for money.
- 5.7. **Contracts must not be split into smaller lots to avoid compliance with these rules.**
- 5.8. 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 – **For example contract work such as grass cutting, tree or hedge work.**
- 5.9. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 5.10. Individual purchases within an agreed budget for that type of expenditure may be authorised by:
- the Clerk, under delegated authority, for any items below **£100** excluding VAT.
  - the Clerk, in consultation with the Chair of the Council for any items below **£2,000** excluding VAT.
- 5.11. No individual member, or informal group of members may issue an official order unless instructed to do so in advance by a resolution of the council, or make any contract on behalf of the council.
- 5.12. No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of the council except in an emergency.

**6. Banking and payments**

- 6.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and authorised by the council. The council has resolved to bank with Lloyds Bank. The arrangements shall be reviewed at the Annual Council Meeting for security and efficiency.
- 6.2. The council must have safe and efficient arrangements for making payments, to safeguard against the possibility of fraud or error. Wherever possible, more than one person should be involved in any payment, for example by dual online authorisation or dual cheque signing. Even where a purchase has been authorised, the payment must also be authorised and only authorised payments shall be approved or signed to allow the funds to leave the council's bank.

- 6.3. All invoices for payment should 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 before being certified by RFO.
- 6.4. All payments shall be made by online banking, or in some cases by cheque (such as HMRC which need payment by cheque) in accordance with a resolution of the council, unless the council resolves to use a different payment method.
- 6.5. The Clerk and RFO shall have delegated authority to authorise payments only in the following circumstances:
  - i. {any payments of up to £150 excluding VAT, within an agreed budget}.
  - ii. payments of up to [£2,000] excluding VAT in cases of serious risk to the delivery of council services or to public safety on council premises.
  - iii. any payment necessary to avoid a charge under the Late Payment of Commercial Debts (Interest) Act 1998 {or to comply with contractual terms}, where the due date for payment is before the next scheduled meeting of [the council], where the RFO 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.
- 6.6. The RFO shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting, together with the relevant invoices, to the council. The council shall review the schedule for compliance and having satisfied itself, shall authorise payment by resolution. A detailed list of all payments shall be disclosed in the minutes of that meeting.
- 6.7. At each monthly Parish Council Meeting an updated budget and bank reconciliation report will be provided with a separate tab on the report to track earmarked funds.
- 6.8. Each month the Chair will confirm that no unauthorised payments have been made and the bank reconciliation has been checked. This will be recorded in the Minutes.
- 6.9. Before any payment is made the RFO must record this in the Cash Book.

## **7. Electronic payments**

- 7.1. Where internet banking arrangements are made with any bank, the 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 on those accounts and a minimum of two people will be involved in any online approval process.
- 7.2. All authorised signatories shall have access to view the council's bank accounts online.
- 7.3. No employee or councillor shall disclose any PIN or password, relevant to the council or its banking, to anyone not authorised in writing by the council or a duly delegated committee.



- 7.4. 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 available on Dropbox to two authorised signatories.
- 7.5. In the prolonged absence of the Service Administrator an authorised signatory shall set up any payments due before the return of the Service Administrator.
- 7.6. Two councillors who are authorised signatories shall check the payment details against the invoices before approving each payment using the online banking system.
- 7.7. Evidence shall be retained showing which members approved the payment online.
- 7.8. A full list of all payments made in a month shall be provided to the next council meeting and included in the minutes.
- 7.9. 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 any payments are reported to [the council] at the next meeting. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every year.
- 7.10. Account details for suppliers may only be changed upon written notification by the supplier verified by the RFO. This is a potential area for fraud and the individuals involved should ensure that any change is genuine.
- 7.11. 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.
- 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. Any Debit Card issued for use will be specifically restricted to the RFO and will also be restricted to a single transaction maximum value of £500 unless authorised by council before any order is placed.
- 9.2. Personal credit or debit cards of members or staff shall not be used except for emergency expenses of up to £100 including VAT.

## **10. Payment of salaries and allowances**

- 10.1. **As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.**
- 10.2. **Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.**
- 10.3. The Clerk's salary is paid monthly in arrears and the same arrangement as those used by Greetham Community Centre is used to manage the Clerk's PAYE and

National Insurance legislation. The Chair of Greetham Community Centre will advise when and how much tax is due.

- 10.4. Salary rates shall be agreed by the council. 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.
- 10.5. Payment of salaries shall be made, after deduction of tax, national insurance, pension contributions and any similar statutory or discretionary deductions, on the dates stipulated in employment contracts.
- 10.6. Deductions from salary shall be paid to the relevant bodies within the required timescales, provided that each payment is reported, as set out in these regulations above.
- 10.7. Each payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a payroll control account or other separate confidential record, with the total of such payments each calendar month reported in the cashbook.
- 10.8. 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 the full council.
- 10.9. Before employing interim staff, the council must consider a full business case.

## **11. Income**

- 11.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 11.2. The council will review all fees and charges for work done, services provided, or goods sold at least annually as part of the budget-setting process, following a report of the Clerk. The RFO shall be responsible for the collection of all amounts due to the council.
- 11.3. Any sums found to be irrecoverable and any bad debts shall be reported to the council by the RFO and shall be written off in the year. The council's approval shall be shown in the accounting records.
- 11.4. All sums received on behalf of the council shall be deposited intact 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.
- 11.5. The RFO shall ensure that VAT is correctly recorded in the council's financial records, and that any VAT Return required is submitted annually.

## **12. Assets and Properties**

- 12.1. The RFO shall ensure that an appropriate and accurate Register of Assets are held. A list of assets is updated at the Annual Council Meeting. The disposal of any disposable asset must be approved at a Parish Council Meeting
- 12.2. The continued existence of tangible assets shown in the Register shall be verified at least annually.

12.3. 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.

12.4. Any title deeds or certificates are held by Rutland County Council at Catmose.

### **13. Insurance**

13.1. The RFO shall keep a record of all insurances effected by the council and the property and risks covered, reviewing these annually before the renewal date in conjunction with the council's review of risk management.

13.2. The RFO shall give prompt notification of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

13.3. The RFO shall be notified of any loss, liability, damage or event likely to lead to a claim, and shall report these to the council at the next available meeting.

13.4. All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually the council.

### **14. Suspension and revision of Financial Regulations**

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

14.2. 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.

14.3. 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.