



CHECKLEY

PARISH COUNCIL

CHECKLEY PARISH COUNCIL – FINANCIAL REGULATIONS

BASED ON THE NALC MODEL 2016

CHECKLEY PARISH COUNCIL
GREAT WOOD HALL
Hollington Road, Tean, ST10 4JY



Table of Contents

| | |
|--|---------|
| 1. General | Page 2 |
| 2. Accounting and Audit (Internal and External) | Page 4 |
| 3. Annual Estimates (Budget) and Forward Planning | Page 5 |
| 4. Budgetary Control and Authority to Spend | Page 5 |
| 5. Banking Arrangements and Authorisation of Payments | Page 6 |
| 6. Instructions for the Making of Payments | Page 7 |
| 7. Loans and Investments | Page 7 |
| 8. Income | Page 8 |
| 9. Orders for Work, Goods and Services | Page 8 |
| 10. Contracts | Page 9 |
| 11. Assets, Properties and Estates | Page 10 |
| 12. Insurance | Page 11 |
| 13. Risk Management | Page 11 |
| 14. Suspension and Revision of Financial Regulations | Page 11 |

These Financial Regulations were adopted by the Council at its Meeting held on Tuesday 18th April 2017.

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. Financial regulations are one of the council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders and any individual financial regulations relating to contracts.
- 1.2 The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
- 1.3 The Council's accounting control systems much include measures:
 - For the timely production of accounts.
 - That provide for the safe and efficient safeguarding of public money.
 - To prevent and detect inaccuracy and fraud.
 - Identify the duties of officers.
- 1.4 These financial regulations demonstrate how the council meets these responsibilities and requirements.
- 1.5 At least once a year, prior to approving the Annual Governance Statement, the council must review the effectiveness of its system of internal control which shall in accordance with proper practices.
- 1.6 Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructs within these Regulations brings the office of councillor into disrepute.
- 1.7 The Clerk has been appointed as RFO for this council and these regulations will apply accordingly.
- 1.8 The Clerk;
 - Acts under the policy direction of the council.
 - Administers the council's financial affairs in accordance with all Acts, Regulations and proper practices.
 - Determines on behalf of the council its accounting records and accounting controls systems.
 - Ensures the accounting control systems are observed.
 - Maintains the accounting records of the council up to date in accordance with proper practices.
 - Assists the council to secure economy, efficiency and effectiveness in the use of its resources.
 - Produces financial management information as required by the council.

- 1.10 The accounting records determined by the clerk shall be sufficient to show and explain the council's transactions and to enable the clerk to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the council from time to time comply with the Accounts and Audit Regulations.
- 1.11 The accounting records determined by the clerk shall in particular contain:
- Entries from day to day of all sums of money received and expended by the council and the matters to which the income and expenditure or receipts and payment accounts relate.
 - A record of the assets and liabilities of the council.
 - Wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contributions, grant or subsidy.
- 1.12 The accounting control systems determined by the clerk shall include:
- Procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible.
 - Procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost record.
 - Identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions.
- 1.13 The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular, any decision regarding:
- Setting the final budget or the precept (council tax requirements).
 - Approving accounting statements.
 - Approving an annual governance statement.
 - Borrowing.
 - Writing off bad debts.
 - Declaring eligibility for the General Power of Competence.
 - Addressing recommendations in any report from the internal or external auditors.
- shall be a matter for the full council only.
- 1.14 In addition the council must:
- Determine and keep under regular review the bank mandate for all council bank accounts.
 - Approve all grants and single commitments irrespective of cost.
- 1.15 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 Commissions Act 1998. Or any superseding legislation, and then in force unless otherwise specified.
- In these financial regulations, the term 'proper practice' or 'proper practises' shall refer to guidance issued in *Governance and Accountability for Local Councils – a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society of Local Council Clerks (SLCC).

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, appropriate guidance and proper practices.
- 2.2 Once a month, a member other than the Chairman or cheque signatory shall be appointed to verify bank reconciliations produced by the Clerk. The member shall sign the reconciliations and the original current account bank statements as evidence of verification. Original bank statements for other accounts will be signed annually. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.
- 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 soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council.
- 2.4 The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the clerk, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.
- 2.5 The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.
- 2.6 The internal auditor shall:
- Be competent and independent of the financial operations of the council.
 - To demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships.
 - Not be involved in the financial decisions making, management or control of the council.
- 2.7 Internal or external auditors may not under any circumstances:
- Perform any operational duties for the council.
 - Initiate or approve accounting transactions.
 - Direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 2.8 For the avoidance of doubt, in relation to internal audit the terms ‘independent’ and ‘independence’ shall have the same meaning as is described in proper practices.
- 2.9 The Clerk shall make arrangements for the exercise of electors’ rights in relation to the accounts including the opportunity to inspect the accounts, books and vouchers and display or publish any notices and statements of account required by Audit Commission Act 998, or any superseding legislation, and the Account and Audit Regulations.
- 2.10 The Clerk shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

- 3.1 The Clerk must each year, by no later than January, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the council.
- 3.2 The council shall consider annual budget proposals in relation to the council's three year forecast of revenue and capital receipt and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.3 The approved annual budget shall form the basis of financial control for the ensuing year.

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 4.1 Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by.
 - The council for all items.
 - The Clerk, in conjunction with Chairman of Council for any items below £200.Such authority is to be evidenced by a minute.
- 4.2 No expenditure may be authorised that will exceed the amount provided in the revenue budget for the class of class of expenditure other than by resolution of the council. During the budget year and with the approval of council having considered fully the implication for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').
- 4.3 Unspent provisions in the revenue or capital budgets for completed projects shall be carried forward to a subsequent year.
- 4.4 The annual contracts budgets are to be reviewed at least annually in November for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chairman of Council. The Clerk will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.5 No expenditure shall be authorised in relation to any capital project and no contract entered or tender accepted involving capital expenditure unless the council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.
- 4.6 All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.
- 4.7 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 planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances. For this purpose, "materials" shall be in excess of £100 or 15% of the budget.

- 4.8 Changes in earmarked reserves shall be approved by council as part of the budgetary control process.

5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 5.1 The council's banking arrangements, including the bank mandate, shall be made by the Clerk and approved by the council, banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
- 5.2 The Clerk shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council. The council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council. The approved schedule shall be ruled off and initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.
- 5.3 All invoices for payment shall be examined, verified and certified by the Clerk to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.
- 5.4 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.
- 5.5 The Clerk and Chair shall have delegated authority to authorise the payment of items only following circumstances.
- a) If payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of council, where the Clerk certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council.
 - b) Fund transferred within the council's bank arrangements up to the sum of £10,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council.
- 5.6 In respect of grants a duly authorised committee shall approve expenditure within any limits set by council and in accordance with any policy statement approved by council. Any Revenue or Capital Grant shall before payment, be subject to ratification by resolution of the council.
- 5.7 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.

- 5.8 The council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 5.9 Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

- 6.1 The council will make safe and efficient arrangements for the making of its payments.
- 6.2 All payments shall be effected by or other instructions to the council's bankers, or otherwise, in accordance with a resolution of council.
- 6.3 Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council shall be signed by two members of council, in accordance with a resolution instructing that payment. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.
- 6.4 Cheques or orders for payment shall not normally be presented for signature other than at a council meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the council at the next meeting.
- 6.5 If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable direct debit provided that the instructions are signed by two members and any payments are reported to council as made. The approval of the use of a variable direct debit shall be renewed by resolution of the council at least every two years.
- 6.6 If thought appropriate by the council, payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed, or otherwise evidence by two members are retained and any payments are reported to council as made. The approval of the use of a banker's standing order shall be renewed by resolution of the council at least every two years.
- 6.7 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 the postage or minor stationery items) shall be refunded monthly.

7. LOANS AND INVESTMENTS

- 7.1 All borrowings shall be effected in the name of the council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by council as to terms and purpose. The application for borrowing approval, and subsequent arrangements for the loan shall only be approved by full council.

- 7.2 Any financial arrangements which does not require formal borrowing approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the full council. In each case a report in writing shall be provided to council in respect of value for money for the proposed transaction.
- 7.3 The Clerk will scan and email a copy of each statement of account to the Chair upon receipt.
- 7.4 All loans and investments shall be negotiated in the name of the council and shall be for set period in accordance with council policy.
- 7.5 The council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually.
- 7.6 All investments of money under the control of the council shall be in the name of the council.
- 7.7 Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with regulation 5 (authorisation of payments) and regulation 6 (instruction for payments).

8. INCOME

- 8.1 The collection of all sums due to the council shall be the responsibility of and under the supervision of the Clerk.
- 8.2 The council will review all fees and charges at least annually, following a report of the Clerk.
- 8.3 Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
- 8.4 All sums received on behalf of the council shall be banked intact as directed by the Clerk. In all cases, all receipts shall be deposited with the council's bankers with such frequency as the Clerk considers necessary.
- 8.5 The origin of each receipt shall be entered on the paying-in slip.
- 8.6 Personal cheques shall not be cashed out of money held on behalf of the council.
- 8.7 The Clerk 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.

9. ORDERS FOR WORK, GOODS AND SERVICES

- 9.1 An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.

- 9.2 All members and officers are responsible for obtaining value for money always. An officer issuing an official order shall ensure as far as reasonable the practicable that the best available terms are obtained in respect of each transactions, usually by obtaining three or more quotations or estimates from appropriate suppliers.
- 9.3 A member may not issue an official order or make any contract on behalf of the council.
- 9.4 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 purchased 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.

10. CONTRACTS

- 10.1 Procedures as to contracts are laid down as follows:
- a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise that in an emergency provided that this regulation need not apply to contacts which relate to items (i) to (vi) below:
 - I. For the supply of gas, electricity, water, sewerage and telephone services.
 - II. For specialist services, such as are provided by solicitors, accountants, surveyors and planning consultants.
 - III. For work to be executed or goods or materials to be supplied which consist of repairs to or parts of existing machinery or equipment or plant.
 - IV. For work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council.
 - V. For additional audit work for the external auditor up to an estimated value of £500 (in excess of this sum the Clerk shall act after consultations with the Chairman and Vice Chair and of council).
 - VI. For goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
 - b) The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceeds thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time).
 - c) When applications are made to waive financial regulations relating to contracts to enable ta price to be negotiated without competition the reason shall be embodied in a recommendation to the council.
 - d) 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 the council.
 - e) Any invitation to tender issued under this regulation shall be subject to Standing Orders 23 and shall refer to the terms of the Bribery Act 2010.
 - f) When it is to enter into a contract of less that £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk shall obtain three quotations (prices descriptions of the proposed supply), where

the value is above £500 the Clerk shall strive to obtain three estimates. Otherwise, Regulations 9.2 above shall apply.

- g) The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- h) Should it occur that the council, does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, provided that the specifications does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

11. ASSETS, PROPERITES AND ESTATES

- 11.1 The Council shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held be the council. The Clerk shall ensure a record is maintained of all properties held by the council, recording the location extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held.
- 11.2 No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the council, together with any other consents required by law, save where the estimated value of any one item of tangible movable does not exceed £250.
- 11.3 No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law. In each case a report in writing 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 the proper business case (including an adequate level of consultation with the electorate).
- 11.4 No real property (interests in land) shall be purchased or acquired without the authority of the full council. In each case a report in writing 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 base (including an adequate level of consultation with the electorate).
- 11.5 Subject only to the limit set in Regulation 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the cull council. In each case a report in writing shall be provided to council with a full business case.
- 11.6 The Clerk shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

12. INSURANCE

- 12.1 Following the annual risk assessment (per Regulation 13), the Clerk shall effect all insurances and negotiate all claims on the council's insurers.
- 12.2 The Clerk shall keep a record of all insurances effected by the council and the property and risks covered thereby and the council shall annually review it.
- 12.3 The Clerk 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.

13. RISK MANAGEMENT

- 13.1 The council is responsible for putting in place arrangements for the management of risk. The Clerk at the request of the council shall prepare for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
- 13.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

14. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 14.1 It shall be the duty of the council to review the Financial Regulations of the council from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the council of any requirement for a consequential amendment to these Financial Regulations.
- 14.2 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.