

BERKSWELL PARISH COUNCIL

Financial Regulations December 2023

The attached Financial Regulations are based on the National Association of Local Council's recommended model financial regulations 2019 for England with some minor alterations to reflect local circumstances. An update to para 6:10 was approved by Council at its Ordinary Meeting held on 7 September 2023. Minor amendments were made in December 2023 to the Councillor Half Yearly Finance Review Checklist as agreed by Council at its Ordinary Meeting held on 9 November 2023.

BERKSWELL PARISH COUNCIL

FINANCIAL REGULATIONS

INDEX

1. GENERAL.....	2
2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)	6
3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING.....	7
4. BUDGETARY CONTROL AND AUTHORITY TO SPEND	8
5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS	9
6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS	11
7. PAYMENT OF SALARIES	13
8. LOANS AND INVESTMENTS	14
9. INCOME	15
10. ORDERS FOR WORK, GOODS AND SERVICES.....	16
11. CONTRACTS.....	16
12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS.....	18
13. STORES AND EQUIPMENT.....	18
14. ASSETS, PROPERTIES AND ESTATES	18
15. INSURANCE	19
16. RISK MANAGEMENT	19
17. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS.....	20

Appendix 1 - Procedure for Payment of Salaries and Councillor Allowances

Appendix 2 – Expenses Policy

Revised December 2023

Precedence

Financial Regulations updated in September 2023 & December 2023

Version Control

Replaces Financial Regulations were adopted by the Council at its Meeting held on 16 September 2021.

Replaces Financial Regulations 'Updated October 2019

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 must 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; and
 - identifying 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 be in accordance with proper practices.
- 1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

- 1.7. Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of councillor into disrepute.
- 1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. The Clerk has been appointed as RFO for this council and these regulations will apply accordingly.
- 1.9. 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 accounting control 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; and
 - produces financial management information as required by the council.
- 1.10. The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO 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 RFO 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 payments account relate;
 - a record of the assets and liabilities of the council; and
 - wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.12. The accounting control systems determined by the RFO 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 records;
- identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
- procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records; and
- measures to ensure that risk is properly managed.

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 requirement);
- approving accounting statements;
- approving an annual governance statement;
- borrowing;
- writing off bad debts;
- declaring eligibility for the General Power of Competence; and
- 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 any grant or a single commitment; and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.

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 Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils - a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group

(JPAG), available from the websites of NALC and the Society for 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 RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 2.2. On a regular basis, at least half yearly and at each financial year end, any member shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.
- 2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.
- 2.4. The council shall 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 RFO, 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;
 - report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
 - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - have no involvement in the financial decision 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; or

- 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 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 statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.10. The RFO 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 RFO 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 forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- 3.3. The council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.4. The approved annual budget shall form the basis of financial control for the ensuing year.

4. BUDGETARY CONTROL AND AUTHORITY TO SPEND

4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:

- the council for all items over £500; or
- the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £500.

Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Clerk, and where necessary also by the appropriate Chairman.

Contracts may not be disaggregated to avoid controls imposed by these regulations.

4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee. During the budget year and with the approval of council having considered fully the implications 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 not be carried forward to a subsequent year.

4.4. The salary budgets are to be reviewed at least annually in March 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 or relevant committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.

4.5. In cases of extreme risk to the delivery of council services, the clerk may authorise revenue expenditure on behalf of the council which, in the clerk's judgement, it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1,500. The Clerk shall report such action to the chairman as soon as possible and to the council as soon as practicable thereafter.

4.6. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.

4.7. All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.

4.8. The RFO 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, “material” shall be in excess of £100 or 15% of the budget, whichever is the higher..

- 4.9. 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 RFO 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 RFO shall prepare a schedule of payments requiring authorisation, excluding payments authorised under FR 5.5 below , 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. 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. *In exceptional circumstances, additional payments of invoices not received at the time the Agenda was posted and therefore not recorded on the schedule of payments forming part of the agenda for the meeting, may be authorised for payment providing that all Members present are satisfied that the goods or services to which the payment relates had been delivered in accordance with Council requirements. Invoices presented on the occasion of the meeting will not be considered for approval of payment and will be deferred to the next Meeting of the Council.*
- 5.3. All invoices for payment shall be examined, verified and certified by the RFO 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 RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO 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 RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
- a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998 or to avoid putting a local trader under financial difficulty as a result of late payment, and the due date, or reasonable date for payment, is before the next scheduled meeting of council, where the Clerk and 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

- b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council; or
- c) the purchase of
 - routine office supplies (such as printer ink, printer paper etc) up to a limit of £200 (ex VAT) per transaction.
 - booking and paying for appropriate training courses with WALC for councillors and the Clerk, as required
 - items relating to urgent Health and Safety Matters
 - items relating to urgent security matters regarding physical assets and electronic data.
 - Minor works commissioned under the existing grass and hedge cutting contract up to a total of £500

provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of council.

- 5.6. For each financial year the Clerk and RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively) Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which council may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of council.
- 5.7. Not adopted
- 5.8. Any Revenue or Capital Grant shall before payment, be subject to ratification by resolution of the council.
- 5.9. 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.
- 5.10. 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.
- 5.11. 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. Following authorisation under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the Clerk or RFO shall give instruction that a payment shall be made.
- 6.3. All payments shall normally be affected by bank transfer (see FR 6.10) or occasionally by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of council.

6.3.1 For certain ad hoc payments, the current practice of a Councillor or the Clerk/nominated individual paying for previously authorised goods/services and requesting reimbursement, will be allowed subject to prior authorisation and the Council's Ad Hoc Purchases Policy & Procedure (see appendix 3)

- 6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee 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.
- 6.5. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 6.6. Cheques or orders for payment shall not normally be presented for signature other than at a council or committee meeting (including immediately before or after such a meeting). In exceptional circumstances where a payment is required to be made before the next Council meeting (examples include; during the summer months, when the payment due date will be exceeded, or where a delayed payment could cause the supplier to be put under financial pressure) cheques may be presented for signature outside a council meeting and may be signed provided that:

6.6.1 Conditions under FR 4 have been met

6.6.2 All Members with access to email are informed by email of each such cheque presented for signature

6.6.3 Such Members are allowed 3 clear days to object to the payment

6.6.4 Providing no objection has been received within 3 clear days, two members of the council to sign the cheque

Any signatures obtained away from Council meetings shall be reported to the council at the next convenient meeting.

- 6.7. If thought appropriate by the council, payment for recurring supplies/services (such as annual subscriptions) 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.
- 6.8. Not adopted
- 6.9. If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 6.10. The Council has adopted the Co-Operative Bank internet banking facility as its preferred method of payment. Transactions to be authorised will normally be set up by the Clerk/RFO, which effectively gives the first authorisation, and one member of the council will give the second authorisation. The Clerk/RFO, having set up a payment in the Co-operative Bank on-line banking App, will notify a named authorised councillor (from an agreed list of councillors authorised to access the on-line banking App), of payments requiring authorisation, by email. Attached to the email will be documents supporting the payments to be authorised (usually an invoice/receipt/minute reference) which will include payees' bank details and details of the work/service supplied and associated cost to the Council. The authorising councillor will use the supporting documents to verify the payments. Verification will be provided by the named councillor who will reply to the Clerk/RFO's "Request For Authorisation of Payment" email, stating that they have "verified and authorised the payments". A copy of this email will be attached to the physical file of invoices paid retained by the Clerk/RFO. A member who is a bank signatory, who is the beneficiary of the payment, or has 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.
- 6.11. Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.

- 6.12. No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council or a duly delegated committee.
- 6.13. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
- 6.14. The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used.
- 6.15. Where internet banking arrangements are made with any bank, the Clerk shall be appointed as the Service Administrator. The bank mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.
- 6.16. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.17. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by two of the Clerk and a member. A programme of regular checks of standing data with suppliers will be followed.
- 6.18. Any Debit Card issued for use will be specifically restricted to the Clerk and will also be restricted to a single transaction maximum value of £500 unless authorised by council in writing before any order is placed.
- 6.19. A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the council. Transactions and purchases made will be reported to the council and authority for topping-up shall be at the discretion of the council.
- 6.20. Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk and shall be subject to automatic payment in full at each month-end.
- 6.21. The council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

7. PAYMENT OF SALARIES

- 7.1. As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by council, or duly delegated committee. The annual review of employee salaries will take place every March.
- 7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available council meeting, as set out in these regulations above.
- 7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the council.
- 7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- a) by any councillor who can demonstrate a need to know;
 - b) by the internal auditor;
 - c) by the external auditor; or
 - d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5. The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid. NB This is only done quarterly in order not to contravene 7.4 above.
- 7.6. An effective system of personal performance management should be maintained for the Clerk.
- 7.7. Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.
- 7.8. Before employing interim staff the council must consider a full business case.

8. LOANS AND INVESTMENTS

- 8.1. All borrowings shall be affected 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.

- 8.2. Any financial arrangement 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.
- 8.3. The council will arrange with the council's banks and investment providers for the sending of a copy of each statement of account to the Chairman of the council at the same time as one is issued to the Clerk.
- 8.4. All loans and investments shall be negotiated in the name of the council and shall be for a set period in accordance with council policy.
- 8.5. 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.
- 8.6. All investments of money under the control of the council shall be in the name of the council.
- 8.7. All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk.
- 8.8. 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 (Instructions for payments).

9. INCOME

- 9.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the Clerk.
- 9.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the council, notified to the Clerk and the Clerk shall be responsible for the collection of all accounts due to the council.
- 9.3. The council will review all fees and charges at least annually, following a report of the Clerk.
- 9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
- 9.5. 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.

- 9.6. The origin of each receipt shall be entered on the paying-in slip.
- 9.7. Personal cheques shall not be cashed out of money held on behalf of the council.
- 9.8. 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.
- 9.9. Where any significant sums of cash are regularly received by the council, the Clerk shall take such steps as are agreed by the council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.
- 9.10. Not applicable

10. ORDERS FOR WORK, GOODS AND SERVICES

- 10.1. An official instruction shall normally 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 instructions shall be retained.
- 10.2. Not applicable
- 10.3. All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure, as far as reasonable and practicable, that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11.1 below.
- 10.4. A member may not issue an official order or make any contract on behalf of the council.
- 10.5. The Clerk shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the Clerk shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

11. CONTRACTS

- 11.1. Procedures as to contracts are laid down as follows:
 - a. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (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 for existing council assets or community assets the Council chooses to maintain;
 - 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 of the external auditor up to an estimated value of £500 (in excess of this sum the Clerk shall act after consultation with the Chairman and Vice Chairman of council); and
 - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- b. Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 ("the Regulations") which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations.
 - c. 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 exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time).
 - d. When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the council.
 - e. Such 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. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a tender reference to be clearly marked on the sealed envelope in which the tender should be submitted and remain sealed until the prescribed date for opening tenders for that contract.
 - f. 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.
 - g. Any invitation to tender issued under this regulation shall be subject to Standing Order 18 d. and shall refer to the terms of the Bribery Act 2010. Recheck after S/Os have been reviewed
 - h. When it is to enter into a contract of less than £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 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £500 the Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.

- i. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- j. Should it occur that 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, provided that the specification 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.

12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS (PUBLIC WORKS CONTRACTS)

- 12.1. Payments on account of the contract sum shall be made within the time specified in the contract by the Clerk upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2. Where contracts provide for payment by instalments the Clerk shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the council.
- 12.3. Any variation to a contract or addition to or omission from a contract must be approved by the council and Clerk to the contractor in writing, the council being informed where the final cost is likely to exceed the financial provision.

13. STORES AND EQUIPMENT – Not applicable

14. ASSETS, PROPERTIES AND ESTATES

- 14.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by 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 in accordance with Accounts and Audit Regulations.

- 14.2. 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 property does not exceed £50.
- 14.3. 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 a proper business case (including an adequate level of consultation with the electorate).
- 14.4. 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 case (including an adequate level of consultation with the electorate).
- 14.5. 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 full council. In each case a report in writing shall be provided to council with a full business case.
- 14.6. 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.

15. INSURANCE

- 15.1. Following the annual risk assessment (per Regulation 17), the Clerk shall effect all insurances and negotiate all claims on the council's insurers.
- 15.2. The Clerk shall identify all new risks, properties or vehicles and assess insurance requirements on an on-going basis
- 15.3. The Clerk shall keep a record of all insurances effected by the council and the property and risks covered thereby and review it on an on-going basis.
- 15.4. The Clerk shall identify 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.
- 15.5. 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 by the council.

16. CHARITIES Not applicable

17. RISK MANAGEMENT

- 17.1. The council is responsible for putting in place arrangements for the management of risk. The Clerk is responsible for the preparation, for approval by the council, of 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.
- 17.2. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

18. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 18.1. 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.
- 18.2. 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.

* * *

Procedure for Payment of Salaries and Councillor Allowances and Personnel Records

The following sets out the procedure to be followed for the payment of salaries:

1. Payroll services are provided by:

Diane Malley
7 New Road
Far Forest
Kidderminster
Worcestershire
DY14 9TQ

Tel: 01299 269188
Mobile: 07967 857397
Email: diane.malley@btinternet.com

2. BPC Employer details are as follows:

2.1 PAYE Reference is **475/AB346669**

3. Each month the payroll is run by the payroll provider on the basis of the latest information provided by the Council regarding salary, tax code etc. relating to all council employees and each quarter in respect of councillors in receipt of Councillor Allowances. Any changes to personal details must be supplied to the payroll service in time for such changes to be made in the next payroll run.

4. Having run the payroll, the payroll provider will provide to the Clerk, by email, the following:

- 4.1. P11 (NI) – Deductions work sheet
- 4.2. P11 (Tax) – Deductions work sheet
- 4.3. P32 – Employer Payment Summary
- 4.4. Payslips – for Council employees and councillors (re councillor allowances)

5. On receipt of the documents specified in 3. above, the Clerk shall do the following:

- 5.1. Prepare individual payments to make payments in accordance with the payslips
- 5.2. Arrange for the payments to be authorised in accordance with Financial Regulations
- 5.3. Distribute payslips and payment as appropriate
- 5.4. Make the necessary payment to HMRC in accordance with the P32. As a small employer BPC are required to pay HMRC on a quarterly basis.

6. A personnel file will be held for all Council employees containing written statements of terms and conditions of employment including salaries, annual appraisal and other relevant documents. The Clerk will hold the files for employees other than him/herself. A master copy of the Clerk's personnel file will be held by the PA to the Head of Human Resources in Solihull Council. A working file will be held by the PC Chairman. It is the Chairman's responsibility to keep both files up to date.

Expenses Policy

A. Employees of the Council

- a. The Council does not pay for business mileage undertaken within the Meriden Ward of SMBC
- b. Mileage outside of this area will be reimbursed at the rate of 45 pence per mile subject to HM Customs and Revenue limits. This rate will be reviewed annually but will only be changed if HM Customs and revenue change the rate than can be charged free of tax
- c. Public transport costs for business travel will be reimbursed on production of receipts for second class travel using discounted advanced purchase fares where available.
- d. The most cost-effective mode of transport for the Council must be used by the employee.
- e. In the unlikely event that hotel accommodation is required, the policy is to use budget hotels or bed and breakfast guest houses where possible.

B. Councillors

- a. Elected Councillors are entitled to receive the Parish Basic Allowance (pro rata for part year) to cover, inter alia, their normal expenses. This allowance will be subject to the deduction of Income tax by the Council's payroll agency. Councillors can, if they wish, seek reimbursement of some or all of the income tax deducted by making a substantiated claim to HM Customs and Revenue on their annual tax return.
- b. Council has agreed to adopt the SMBC schedule of recommended Parish Basic Allowances (PBA) and Chairman's Allowance which is reviewed and published annually.
- c. Only travel and subsistence expenses may be claimed in addition to the allowance but will only be paid in exceptional circumstance such as to attend a national meeting more than 75 miles radius from Berkswell Village. The prior approval of the Council would be required before the costs are incurred. Reimbursement will be on the same basis as for an employee. Reimbursement of such expenses will be made free of income tax deduction and must not be claimed as business expense against their annual allowance on their income tax return.
- d. Co-Opted Councillors are entitled to claim for reasonable travel and subsistence in respect of costs incurred in the exercise of their role of councillor together with any other discrete expenses incurred on council business.
 - d.1. "Business" mileage will be reimbursed at a rate of 45p a mile subject to HM Customs and Revenue limits. This rate will be reviewed annually but will only be changed if HM Customs and revenue change the rate than can be charged free of tax
 - d.2. Public transport costs for business travel will be reimbursed on production of receipts for second class travel using discounted advanced purchase fares where available.
 - d.3. Subsistence in respect of travel outside the Parish will be reimbursed up to the value of £5 per meal.
 - d.4. Co-opted councillors may request printer paper for council business to be supplied to them by the Clerk.
- e. Councillors are expected to use personal IT services/equipment (e.g. internet, tablet, PC, printer, phone etc) for undertaking parish council business. There will be no separate allowance payable in respect of such items.

C. Other

- a. The Clerk may purchase small value office consumables without prior authority and subsequently claim

for them. Such items would include postage stamps, paper, envelopes, staples and other similar items. Larger purchases costing more than £200 should be preauthorised by the Council, except in the case of an emergency where the Clerk should seek the endorsement of the Chairman before the purchase is made.

Appendix 3

Ad Hoc Purchasing Procedure

1. Introduction

There may be occasions when the Council will need to make ad hoc arrangements for the purchase of goods. The circumstances under which this may happen would be if the Clerk is unable to make such purchases himself or if it makes practical sense for a Member of the Council to make the purchase on the Clerk's behalf.

2. Circumstances where the ad hoc purchasing arrangement can be used

The Clerk may request any Member of the Council to physically make a payment for the purchase of goods providing that:

- 2.1. All such purchases of goods have been authorised in accordance with Financial Regulations giving the Clerk the authority to incur the expenditure
- 2.2. The clerk has officially ordered the goods on behalf of the council and where possible, requested an invoice to be issued for payment in the usual way
- 2.3. If the supplier insists on payment on collection/delivery, the Clerk may request a named Member of the Council to make arrangements for the collection/delivery and for the goods to be paid for from their own funds (to be reimbursed with an official Council cheque authorised at the next Council Meeting)
- 2.4. In exceptional circumstances, the Clerk may make a request in writing to a named Member of the Council that they should order/purchase goods at an agreed price for which authority has previously been obtained. Such a request would include the following circumstances:
 - The purchase of goods from a reputable on-line supplier (such as Amazon) if such goods require specialist knowledge in order to ensure the purchase of the correct item.
 - The purchase of goods from local suppliers which are required as a matter of urgency (e.g. printing) and the Clerk is not available to conduct the purchase

3. Accounting

- 3.1. All purchases made using the above procedure will require VAT receipts and will be recorded in the Council's cashbook in accordance with Financial Regulations.

Councillors' Half Yearly Finance Check – Report

Introduction

The purpose of this review is to check that financial procedures designed to safeguard the Parish Council's finances, are being followed. This is not intended to replace the annual internal and external audits required by Government but should give the Parish Council confidence that no fraud is being committed nor errors in accounting have been made.

Audit Period	Date of review	Name of reviewer	Signature of reviewer	
1. Bank balances at the beginning and end of each quarter are as shown in the bank reconciliation (see guidance notes below).				
	A.	B.	C.	D.
	Bank reconciliation record (on Scribe Accounts)	As on bank statement £	As on Management Accounts	Verified
Current account – start				
Current account – end				
Guidance Notes: <ol style="list-style-type: none"> 1. The figures in columns 'A' above can be verified by viewing the copies of the bank reconciliation reports for ----- and ----- which have been downloaded from the Council's finance system, Scribe Accounts and are available in the folder provided. 2. The figures in column 'B' must also be separately verified by reference to the copies of the Co-Operative Bank statements covering the key dates of ----- and ----- NB: these statements may cover a period either side of the review period start and end date. Make sure you check the balances at the dates of review. 3. Then, please check both the opening and closing balances (column 'C') agree to the copy of the relevant Management Accounts (bottom of the Actuals to date column) which are also available in the folder provided. 4. If all three numbers for opening balance and all three numbers for closing balance, can be verified please indicate "Yes" in column 'D' above (for both opening and closing balances). 				
Check		Findings (continue overleaf if necessary)		
2. Check all transactions recorded in Scribe Accounts have been approved by Council in the minutes. You are looking for any payment that has not be authorised by the PC or the				

<p>sum shown in the Payments List is different to that approved in minutes.</p> <p>Guidance Notes:</p> <p>5. A list of all transactions posted into Scribe Accounts for the period of review has been provided. See'</p> <p>6. A copy of all transactions reported in Council Minutes for the period of review has been provided. See 'Extract from Minutes'.</p> <p>7. The completeness of the extracts of minutes provided can be verified by reference to the actual minutes available on the Parish Council's website should you wish to check.</p>																									
<p>3. All debits on the bank statement are consistent with the amount and other payment details, shown on the Payment List (Cashbook) (tick off each entry on the bank statement to show you have checked it).</p> <p>Guidance Notes:</p> <p>8. Copy of bank statements provided. See 'Co-Op Bank Statement ----- to -----'</p>																									
<p>4. All direct debits (if any) on bank statement are as shown in the minutes.</p>																									
<p>5. Take 1 in 5 debits shown <u>on the bank statement</u> and check the supporting documentation.</p> <ul style="list-style-type: none"> • Purchase order if applicable • Delivery evidence if applicable • VAT shown on accounts is the same as on the invoice • Invoice and payment amounts should be the same • Invoice is for a proper service delivered. <p>(List transaction numbers inspected along with any discrepancies)</p> <p>Guidance Notes:</p> <p>9. Once you have selected your sample, please advise the clerk of the documentation you would like to review (state EBP reference) (for the 6 month period the sample will be c. 15 documents).</p>	<table> <tr> <th data-bbox="900 1151 1062 1178">EBP Ref</th><th data-bbox="1062 1151 1509 1178">Check Outcome</th></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> </table>	EBP Ref	Check Outcome																						
EBP Ref	Check Outcome																								

6. Check that <u>all receipts</u> (documented in the minutes) for amounts received are recorded as a credit on the bank statement. Record any not shown on bank statement. These are few and far between. They should be reported in the minutes for the period of review.		
7. Check a selection of payee bank details (including the Clerk and Councillors) to invoice or other documentary evidence, regarding all payments made during the period under review. Guidance Notes: 10. It is recommended that you use the same sample derived under note 9 above. 11. All supporting documentation should detail bank details where the payments should be made. 12. Log in to the Co-operative Bank on-line banking to access the bank details used to make payments to suppliers.		
8. Issues to Report		