

GREAT BEDWYN PARISH COUNCIL

Financial Regulations

Table of Contents

Table of Contents	2
1. General	3
2. The Budgetary Process.....	3
3. Budgetary Control	3
4. Accounting and Audit.....	4
5. Transparency Code	5
6. Expenditure and safeguarding money.....	5
7. Electronic Banking.....	6
8. Payment of Salaries.....	7
9. Loans and Investments	8
10. Income	8
11. External Funding.....	9
12. Procurement.....	9
13. S137 Grants	9
14. Assets.....	10
15. Risk Management.....	10

1. General

- 1.1. These regulations govern how the Great Bedwyn Parish Council conducts its financial affairs. They set out how all money matters are dealt with and should be complied with at all times. They are approved by full council and can only be amended by full council as an agenda item with proper notice.
- 1.2. They form part of the arrangements by which the council discharges its responsibility under the Local Audit and Accountability Act 2014, Local Audit (Smaller Authorities) Regulations 2015 and the Accounts and Audit Regulations 2015 to ensure: (a) that the financial management of the council is adequate and effective and that it has a sound system of internal control; and (b) that its accounts comply with proper practices as set out in “Governance and Accountability for Local Councils – A Practitioners’ Guide (England)”
- 1.3. Other arrangements are set out in the Council’s Standing Orders in relation to Contracts and Tendering and any accounting instructions issued by the council’s Responsible Finance Officer, which should be referred to in conjunction with these regulations where appropriate.
- 1.4. The regulations should be reviewed annually by the Financial Committee as part of the council’s assessment of its internal control arrangements and amended where necessary to ensure that they remain effective and up to date

2. The Budgetary Process

- 2.1. Each year, before work begins on the budget, the Finance Committee will meet to consider the main issues that it wants to address and agree its objectives for the next year and for the medium term. It will review what has happened so far in the current year and identify any problem areas that need to be tackled and any changes that it wants to make during the planning period.
- 2.2. At the beginning of the budget process the Financial Committee will consider any capital projects that are in progress or which are planned. No major capital projects will be undertaken without a detailed feasibility report which will include funding sources, cash flow forecasts and revenue implications for future years.
- 2.3. By the end of November, the Committee will collect and collate income and expenditure for the forthcoming year to submit to Council by 2nd January, together with forecasts for the next two years. These should be accompanied by a report from the RFO and the Committee on the estimated level of resources and issues arising from the proposals.
- 2.4. The Full Council will consider the detailed budget in January for approval. It shall review the resources available to it, including grants and reserves, and set the precept for the next year.

3. Budgetary Control

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

- 3.1.1.1. the council for all items over £5,000;
 - 3.1.1.2. a duly delegated committee of the council for items over £500; or
 - 3.1.1.3. the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, for any items below £500.
- 3.1.2. 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.
- 3.1.3. Contracts may not be disaggregated to avoid controls imposed by these regulations.
- 3.2. 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 Finance Committee. During the budget year and with the approval of the Finance Committee, 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.
- 3.3. 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 £500. The Clerk shall report such action to the Chairman as soon as possible and to the council as soon as practicable thereafter.
- 3.4. The RFO shall report regularly to Council on actual spending and income against budget, highlighting significant variances. Unspent balances at the year-end will be transferred to the general reserve.

4. Accounting and Audit

- 4.1. Accounting procedures and financial records shall be determined by the RFO, who shall issue such accounting instructions as are considered necessary.
- 4.2. The RFO shall be responsible for preparing the council's financial statements and completing the relevant section of the Annual Return required by proper practices, and submitting to them Council in accordance with the statutory time limits.
- 4.3. The Clerk shall ensure that all statutory requirements to publish accounting statements and facilitate public access and inspection are complied with and that the requirements of the External Auditor are met.
- 4.4. A suitably competent and independent person shall be appointed by the council as its internal auditor, to undertake regular reviews of the council's internal control systems and report thereon to the Council. The appointed person should complete the relevant section of the Annual Return.
- 4.5. All reports by the Internal or External Auditor shall be considered by council. Any recommendations should be implemented or reasons why they are not, recorded in the minutes.

- 4.6. The council should review the effectiveness of its internal audit arrangements on a regular basis.
- 4.7. Members and officers shall co-operate with auditors and provide such information and records as they or the RFO requires.

5. Transparency Code

- 5.1. The Parish Council will publish the following financial information on its website in compliance with the Transparency Code:
 - 5.1.1. All items of expenditure above £100 not later than 1 July in the year immediately following the accounting year to which it relates. The information will include, date of expenditure, summary of the purpose of the expenditure, amount and VAT that cannot be recovered. Copies of all books, contracts, receipts and other related documents will be available for inspections during the specified inspection period set out under 14 of the Accounts and Audit Regulations 2011, or under any equivalent regulations made under sections 32 of the Local Audit and Accountability Act 2014.
 - 5.1.2. End of year accounts no later than 1 July in the year immediately following the accounting year to which it relates. The published signed statement of accounts will be in the format included in the Annual Return form. The statement of accounts will be accompanied by -
 - 5.1.2.1. A copy of the Bank Reconciliation.
 - 5.1.2.2. An explanation of any significant variances in the statement of accounts for the relevant year and previous year.
 - 5.1.2.3. An explanation of any differences between 'balance carried forward' and total cash and short term investments', if applicable.
 - 5.1.3. The annual governance statement according to the format included in the Annual Return form will be published no later than 1 July in the year immediately following the accounting year to which it relates. It should be signed by the Chairman and Clerk.
 - 5.1.4. The internal audit report according to the format included in the Annual Return will be published no later than 1 July in the year immediately following the accounting year to which it relates. It should be signed by the person who carried out the internal audit. Any negative responses to internal controls should be explained, including how the weaknesses will be addressed.
 - 5.1.5. Details of public land and building assets. Annually, where this information is included in the authority's assets and liabilities register this register will be published in its entirety.

6. Expenditure and safeguarding money

- 6.1. The council shall ensure that one of its officers has responsibility for the proper administration of its financial affairs, the RFO. The RFO should be familiar with the statutory duties for financial administration as they apply to the council. The duties of the

- RFO include advising the council and Financial Committee on its corporate financial position, key financial controls and treasury (cash and investments) management.
- 6.2. The RFO is responsible for setting up banking arrangements but these and any changes to them, must be approved by the council. Any arrangements to automatically transfer money between accounts must also be approved by the council.
 - 6.3. Each bank mandate, list of authorised signatures, limits of authority and amendments to any of these, must be approved by the council. Authorised signatories should be rotated on a regular basis.
 - 6.4. Monies received should be banked on a regular basis by the RFO. Cash should be banked at the earliest opportunity. Wherever possible arrangements for handling cash should involve at least two people. All people responsible for financial should receive appropriate training.
 - 6.5. The council will review the arrangements for handling money and its associated risks at least annually. Up to date bank reconciliations should be presented to each ordinary meeting of the council, including copies of bank statements.
 - 6.6. Invoices for payment will be checked by the Clerk and entered onto a schedule for approval by the Financial Committee or Council, where necessary.
 - 6.7. Any 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, regular maintenance contracts and the like) will be submitted by the Clerk for approval by the Financial Committee or Council, where necessary, who may authorise payment for the remaining financial year provided that the requirements of section 3 (Budgetary Control) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of council. A record of regular payments made and scheduled shall be maintained by the RFO.
 - 6.8. A minimum of one councillor or the Clerk shall verify that the work for ongoing contracts has been done.
 - 6.9. Payments made by cheques will be signed by two authorised members. Where electronic banking is used, arrangements, approved by the Financial Committee, must ensure that at least two people authorise any transaction, one of whom should be a member.
 - 6.10. Once approved, signed cheques should be issued or other forms of payment initiated by the RFO.
 - 6.11. Direct debit or standing order payments may be permitted, with the approval of the Finance Committee, for regular items such as utility bills or payroll. Amounts so paid should be reported to council along with the normal payment schedule.

7. Electronic Banking

- 7.1. If thought appropriate by the council payment for certain items may be made by Internet banking provided evidence is retained showing which members approved the payment.
- 7.2. Where access to Internet banking requires use of a personal identification number (PIN) or other password(s) 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.
- 7.3. 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.
 - 7.4. 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.
 - 7.5. The council, and any members using computers for the council's financial business, shall:
 - 7.5.1. take all reasonable steps at all times to ensure the security of the computers and data is maintained;
 - 7.5.2. ensure that the following is used at all times: (i) officially-supported operating system and Internet browser; (ii) automatic operating system updates; (iii) up-to-date anti-virus and anti-spyware; and (iv) disk encryption.
 - 7.5.3. use passwords that meet good industry-standard criteria including minimum length of 8 characters, a mix of letters and numbers and special characters, not including names, words or dates; and
 - 7.5.4. not use remembered or saved passwords facilities.
 - 7.6. Where internet banking arrangements are made with any bank, the Clerk [RFO] 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.
 - 7.7. 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, RFP and member. The RFO shall follow a programme of regular checks of standing data with suppliers.

8. Payment of Salaries

- 8.1. The Council will make arrangements to meet fully the statutory requirements placed on 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.
- 8.2. 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.
- 8.3. The Council will make arrangements to meet the full statutory requirements placed on employers under the Pensions Act 2008.
 - 8.4. Each and every payment to employees of net salary and to the appropriate creditor of statutory and discretion deductions shall be recorded in a separate confidential record. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than by:
 - 8.4.1. any councillor who can demonstrate a need to know;
 - 8.4.2. the internal auditor;
 - 8.4.3. the external auditor; or
 - 8.4.4. any person authorised under the Audit Commission Act 1998, or any superseding legislation.
 - 8.5. 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.
 - 8.6. Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.

9. Loans and Investments

- 9.1. Surplus revenue balances should be invested in a bank deposit account as arranged by the RFO and approved by Council. Longer term investments, where advisable should be invested in line with current statutory guidelines and advice and be approved by council.
- 9.2. No long term borrowing should be undertaken without appropriate borrowing approval, the nature and terms of which shall be approved by council. Overdraft arrangements for short term cash flow purposes shall be on such terms as negotiated by the RFO and approved by council.

10. Income

- 10.1. Income from fees, charges, grants etc., should be regularly reviewed by the Finance Committee to ensure that full advantage is taken of opportunities to raise additional resources. Charges set by council should be reviewed annually as part of the budget process.
- 10.2. The RFO should issue invoices promptly and institute efficient collection arrangements. Irrecoverable amounts should be written off by the council, following a report from the RFO.
- 10.3. VAT claims and returns should be completed promptly by the RFO in accordance with current HMRC rules.

11. External Funding.

- 11.1. The RFO will inform the Finance Committee, the Council Working parties and the Full Council, where relevant, of external sources of funding.
- 11.2. Council working parties will be responsible for pursuing all possible and relevant sources of external funding relevant to their remit.

12. Procurement

- 12.1. Before placing an order or making a purchase steps should be taken to ensure that the council is paying a competitive price and achieving good value for money. Wherever possible quotes should be obtained from 3 sources. Where the estimated cost exceeds £1,000, formal written quotes should be sought.
- 12.2. Longer term contracts for the supply of services shall be regularly reviewed to ensure that the best terms are being obtained with regard to tariffs and supplier. Other ongoing arrangements such as with professional advisers, banks, insurance providers, maintenance contractors etc., should be reviewed at least every three years and a report prepared for council on how best to ensure continuing value for money. Everyone involved with the council should be aware of the need to achieve value and increase efficiency and should bring relevant issues to the attention of the clerk and the council.
- 12.3. Orders may only be placed for items that are in the budget.
- 12.4. Orders should be placed by the RFO or other officer approved by him/her as the appropriate budget holder.
- 12.5. Orders should only be placed for goods and services that will be used by the council for its own purposes.
- 12.6. For capital projects and other contracts estimated to cost in excess of £10,000 the council's contract standing orders should be followed.

13. S137 Grants

- 13.1. The Council in accordance with its powers under section 137 and 139 of the Local Government Act 1972 may, at its discretion, award grants to organisations which can demonstrate a clear need for financial support to achieve an objective which will benefit the Parish.
- 13.2. All grants will be subject to the Grant Awarding Policy and Procedure and will be approved by Council.
- 13.3. Where assistance worth £2000 or more is given to a voluntary body, the body is required within twelve months to state in writing the use to which the money has been put.
- 13.4. At the Parish Council's specific annual budgeting meeting an amount will be set from which grants will be awarded during the following financial year. This amount will principally be for grant requests that have already been received by the Parish Council in accordance with the application procedure, and which it envisages may be granted. An additional amount will be reserved from which other grant requests may be made. Once the grants

budget is exhausted, the Parish Council will only consider emergency requests for assistance, and generally only from organisations with whom it has close links.

- 13.5. The annual total spent on grants must not exceed the prescribed limits set out by The Department for Communities and Local Government. The limit is set at £7.42 per head of the local government electors for the locality on 1 January before the commencement of the financial year in 2016/17.
- 13.6. A separate account of expenditure must be kept and be open to public inspections.
- 13.7. Expenditure authorised under s137 must be authorised by a resolution of the Full Council.

14. Assets

- 14.1. Items of equipment should be recorded on an inventory list, which should be checked periodically by the RFO. If a stores system is operated proper procedures for receiving, storing, issuing and valuing stock items should be followed as determined by the RFO in accordance with good practice.
- 14.2. Capital assets should be recorded in the Council's Asset Register at original cost. Where appropriate assets should be properly maintained and sufficient funds should be included in the revenue budget to enable this to happen. Assets, particularly land and buildings, should be reviewed to assess if the council is making the most effective economic use of them. Surplus assets should be disposed of, with the approval of council, for the best possible price.

15. Risk Management

- 15.1. The council should conduct a risk assessment of its activities at least annually. This should involve identifying significant risks and agreeing how they should be managed, taking into account the potential consequences and the likelihood of the event happening. New ventures should be subject to a risk assessment before they are approved and the resultant management actions implemented.
- 15.2. Insurance arrangements should be set up by the RFO to cover potentially high cost risks and meet statutory obligations. Insurance terms and costs should be kept under regular review to ensure that best value is obtained.

The Regulations were approved at a meeting of the Finance Committee held on 1 November 2016 (minute ref: 003.16/FC).