



# Shenley Church End Parish Council

<b>Shenley Church End Parish Council</b>	<b>Financial Regulations SCEPC-01FinReg</b>
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## Financial Regulations

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**SHENLEY CHURCH END PARISH COUNCIL**

**FINANCIAL REGULATIONS [ENGLAND]**

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# 1. General

- 1.1 These financial regulations shall govern the conduct of the financial transactions of the Council and shall only be amended by resolution of the Council.
- 1.2 The Responsible Financial Officer (RFO) under the policy direction of the Council shall be responsible for the proper administration of the Council's financial affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.
- 1.4 The RFO shall be the Parish Clerk for Shenley Church End Parish Council
- 1.5 The Council shall be responsible for ensuring that the financial management is adequate and effective and that the Council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk.
- 1.6 The Council shall review at least once a year the effectiveness of its systems of internal controls and shall produce a statement on internal control with its statement of accounts
- 1.7 The RFO:
- Acts under the policy direction of the council
  - Administers the councils financial affairs in accordance with all Acts, regulations and proper practices
  - Determines on behalf of the council its account records and 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
  - Produces financial management information as required by the council
- 1.8 The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to comply with the Accounts and Audit Regulations and in particular contain:
- Entries of monies received and expended and the matters to which they relate
  - A record of assets and liabilities for the council
- 1.9 The accounting control systems determined by the RFO shall include:
- Procedures to ensure financial transactions of the council are recorded accurately and as soon as reasonably practicable
  - Procedures to enable the prevention and detection of inaccuracies and fraud, and the ability to reconstruct lost records
  - Procedures to ensure that uncollectable amounts are not submitted to the council for approval to be written off except with recommendation from the RFO
- 1.10 These regulations do not empower the council to delegate certain decisions. In particular the following shall be a matter for full council only:

- Setting of the precept
- Approving accounting statements
- Approving an annual governance statement
- Borrowing
- Writing off bad debts
- Declaring eligibility for the General Power of Competence

1.11 Deliberate or wilful breach of these regulations by an employee may give rise to disciplinary proceedings

1.12 Members of the 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.

1.13 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.

## **2. Annual Estimates**

2.1 An initial draft budget shall be prepared by the RFO not later than the November parish council meeting in each year.

2.2 During January of each year the Council shall set the precept to be levied and approve a budget for the forthcoming financial year.

2.3 The budget shall form the basis of the financial control for the ensuing year.

2.4 The medium-term financial plan shall be updated following agreement of the budget each year.

## **3. Budgetary Control**

3.1 Revenue expenditure may be incurred up to the amounts included in the Council's budget.

3.2 The RFO shall provide the Council with a statement of income and expenditure on a quarterly basis and more frequently if requested.

3.3 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair replacement or other work which is of such urgency that, in the opinion of the Clerk, it must be done at once, whether or not there is budgetary provision, subject to a financial limit of £1,000. The Clerk shall report the action taken to the Council as soon as practicable thereafter.

- 3.4 No expenditure shall be incurred in relation to any capital project and no contracts entered into or tender accepted involving expenditure on capital account unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval can be obtained.

## **4. Accounting and Audit**

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations 1996 or other Statutory Instrument which may supersede those Regulations.
- 4.2 The RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and in any case by the statutory date of 30 June and submit such accounts and report thereon to the Council.
- 4.3 The RFO shall be responsible for ensuring that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- 4.4 The Council shall carry out a review of the effectiveness of internal audit on an annual basis in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto.
- 4.5 The Internal Auditor shall carry out the work required by the RFO and the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall provide in writing a minimum of one annual report in respect of each financial year.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto.
- 4.7 The RFO shall, as soon as practicable, bring to the attention of all councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.
- 4.8 Fixed assets shall be reviewed annually in accordance with audit regulations.
- 4.9 The payment authorisation process will include details of the invoices to be paid as well as the amount due to each provider.

- 4.10 The bank reconciliations and supporting bank statements for the current accounts will be signed and dated by the Chairman on a monthly basis. The Savings accounts reconciliations and supporting statements will be signed by the Chairman once interest is applied
- 4.11 The statement for the debit card account (Santander) shall be checked and signed by the Chairman at the same time as the reconciliation statements.

## **5. Banking Arrangements**

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council.
- 5.2 The invoices for payment will be checked and authorised by 2 banking signatories
- 5.3 A schedule of the payments authorised, shall be prepared by the RFO and be presented to Council at each full council meeting and more appropriate detail may be shown in the Minutes of the Meeting.
- 5.4 The RFO is a signatory to all accounts, so that they can communicate with the bank; however the RFO is not authorised to sign cheques.
- 5.5 The RFO may make payments by business debit card for incidental expenditure and internet purchases and for bill payment where appropriate.

## **6. Authorisation of Payments**

- 6.1 All payments shall be effected by cheque, debit card, bank transfer or by direct debit drawn on the Council's bankers.
- 6.2 Bank transfers in accordance with the schedule referred to in paragraph 5.3 or in accordance with paragraph 6.5, will be authorised online by 2 authorised signatories to the bank account.
- 6.3 All invoices for payment, including monthly salaries shall be examined verified and certified by the RFO. Before such certification the RFO shall be satisfied that the works, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.4 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, within a suitable timeframe (30 days where possible).
- 6.5 If a 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 and RFO certify that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council.

- 6.6 Cheques or bank transfers from the Councils bank account shall be signed by two authorised signatories in accordance with the resolution instructing payment. A member who is a bank signatory, having a connection whether by family or business with the beneficiary of a payment should not be a signatory to the payment in question. All authorisations are completed online and the balance available in the account is clearly visible when authorisations are processed.
- 6.7 The RFO shall draw up at the start of each financial year, a list of regular payments that will be debited from the Councils bank account, either by standing order or direct debit. This list will be presented to full council for authorisation. Any amendments throughout the year will be referred back to full council
- 6.8 Any debit card issued for use will be specifically restricted to the RFO
- 6.9 Access to any internet banking accounts will be directly to the access page (which may be saved under “favourites”), and not through an 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
- 6.10 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 the RFO
- 6.11 The finance working group will meet quarterly to review a selection of invoices and payments to check that financial transactions have been carried out accurately and in line with the agreed authorisation process

## **7. Payment of Salaries**

- 7.1 It shall be the responsibility of the RFO to provide up to date and accurate salary information, including pension contribution levels, to the Council’s payroll provider to enable salary calculations to be made.
- 7.2 The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by the Council.
- 7.3 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates, provided that each payment is reported to and ratified by the next available Council Meeting.

- 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 and retained separately as a confidential record. 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.

## **8. Loans, Grants and Investments**

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the Council after approval by the Council and shall be for a set period of time in accordance with Council policy.
- 8.2 The Council shall consider the need for an Investment Strategy, which if drawn up, shall be in accordance with relevant legislations, proper practices and guidance. Any investment strategy shall be reviewed at least annually by the Council
- 8.2 All investments of money under the control of the Council shall be in the name of the Council.
- 8.3 All borrowings shall be in the name of the Council. Any application for borrowing approval shall be approved by Council as to terms and purpose.
- 8.4 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.5 Any application for a grant shall be subject to approval by Council as to terms and purpose.

## **9. Income**

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 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 RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
- 9.3 The Council will review all fees and charges 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 RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary. Any cash banking will be counted by a minimum of two people, one of which will be the RFO.
- 9.6 The origin of each receipt shall be entered on the corresponding monthly banking record.
- 9.7 All payments made directly into the bank account should be suitably referenced to ensure accurate allocation within the Councils accounts
- 9.8 All deposits must be made via bank transfer. Cash will not be accepted as a method of holding deposit for any booking.
- 9.9 Payments in respect of invoices issued are to be made via bank transfer. Cash or cheque payments will not be accepted. Exemption will be considered for charity hirers who may not have an online option with their bank accounts
- 9.11 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.12 The RFO 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 quarterly with the final claim coinciding with the financial year end.

## **10. Orders for work, goods and services**

- 10.1 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.
- 10.2 Purchase orders where required shall be controlled by the RFO.
- 10.3 All members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order or procuring utilities is to 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 The RFO 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 RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can if required, record the power being used.
- 10.5 The Clerk shall be:
- (i) Delegated to procure utility contracts, office equipment, office consumables, and sundry office supplies in line with the agreed budget

- (ii) Granted to authority to spend money on emergency remedial works to Council owned property up to £1,000.00
- (iii) Granted authority to spend up to £500.00 on vehicle repairs/maintenance or on the hiring of a van. If the cost of works required to the van exceed the value of the vehicle the Clerk must report this to the Council before work is undertaken

## 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. These regulations shall 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 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 of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman 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) 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 £30,000 (VAT inclusive) or more, as defined by The Public Contracts (Amendment) Regulations 2002, the council shall comply with the relevant requirements of the The Regulations<sup>1</sup>
- (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 the thresholds of The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from<sup>2</sup> time to time)

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<sup>1</sup> The Regulations require councils to use Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

<sup>2</sup> Current thresholds:       Public supply and public service contracts £138,760  
                                       Public works contracts £5,336,937

- (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 specifically marked envelope in which the tender is to be sealed 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 other party.
- (f) If less than three tenders are received for contracts above £25,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (g) When it is to enter into a contract 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 or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £100 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
- (h) The Council shall not be obliged to accept the lowest or any tender, quote or estimate. The council wishes to promote the local economy and where legally possible will source tenders from local suppliers. Such aspirations will not override considerations related to best value being achieved.

## **12. Payments under contracts for building or other construction works**

- 12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO 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 RFO 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 before any work has begun, the Council being informed where the final cost is likely to exceed the financial provision.

## **13. Stores and Equipment**

- 13.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 13.2 Delivery Notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

## **14. Assets, Properties and Estates**

- 14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all properties owned 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 the 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 £250.
- 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 full 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 council. In each case a report in writing shall be provided to full 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 The RFO shall ensure that an appropriate and accurate register of Assets and Investments is kept up to date. Assets purchased with a value of over £250 will be recorded on the asset register. The continued existence of tangible assets shown in the register shall be verified at least annually

## **15. Insurance**

- 15.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers in consultation with the Clerk
- 15.2 The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.4 The RFO 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.
- 15.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

## **16. Charities**

- 16.1 Where the Council is sole trustee of a Charitable body the Clerk and RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Clerk and RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

## **17. Risk Management**

- 17.1 The Clerk with the RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 17.2 When considering any new activity the Clerk and RFO shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.
- 17.3 The Council shall carry out a Financial Risk Assessment on an annual basis in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto. The minutes shall record such review of the financial risks.

## **18. 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 consequential amendment to these Financial Regulations

- 18.2 The council may, by resolution of the council duly notified prior to the meeting of the council, suspend any part of these Financial Regulations provided that the 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 the council