

Stoke by Nayland Parish Council

FINANCIAL REGULATIONS

In all instances the Clerk acts as Responsible Financial Officer.
All financial decisions will be taken by the full Council unless explicitly otherwise provided for in these Financial Regulations.

1. Annual Budgets

- i. A Budget Working Party open to all Council members will consider
 - Proposed significant expenditures (see Section 13 below);
 - The condition, maintenance needs and insurance cover of Council property;and make recommendations for a three-year plan for significant expenditures, including, if appropriate, provisions to meet needs which cannot be quantified at the time.
- ii. The Budget Working Party, advised by the Clerk, will prepare an overall draft budget proposal for the next financial year, including recommendations for lower and upper limits on financial reserves, to be brought before the November meeting of Council, covering expenditure as at 1.i and income.
- iii. All Council members will be supplied with a copy of the draft budget and any subsequently amended version.
- iv. Council will discuss and approve the budget as the basis for setting the precept and for the regular monitoring of the Council's finances.

2. Internal Control and Risk Management

- i. The Council shall ensure that there is an adequate and effective system of internal control in accordance with proper practices. The internal control statement will be prepared by the Clerk and reviewed annually by the Council before approval of the Annual Governance Statement.
- ii. The Clerk shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. This will include an annual risk assessment. These documents and arrangements shall be reviewed by the Council at least annually at the same meeting as the review of the internal control system and asset register.
- iii. When considering new activities, the Clerk shall, as appropriate, prepare a draft risk assessment including risk management proposals for consideration by the Council.

3. Bank Accounts and Banking

- i. Bank accounts will not be set up or closed without the authority of the Council and will be recorded in the minutes.
- ii. Every account will be identified with the Council's name as part of its title.

- iii. All income is to be banked – no expenditure from un-banked income is permitted. The Clerk will be responsible for all monies due to the Council and banking such on a regular basis. Bank paying-in slips will show the origin of payments received.
- iv. In addition to a current account, a high interest account will be maintained for funds not immediately required. The Clerk is responsible for effecting transfers as required to keep the current account in credit.
- v. The cheques are to be signed by two signatories.
- vi. Cheques are to be used in sequential order.

4. Payment of Accounts – Expenditure Approval

- i. The Clerk will, before presenting accounts for payment, be satisfied that the account is correct, relates to the supply of good or services that have been received and where relevant that VAT has been shown. If the Clerk is uncertain as to the standard of work, quantity, etc the invoice will be referred directly to Council for verification before presentation for payment.
- ii. The Clerk will prepare a list of verified invoices for approval at the next full Council meeting.
- iii. Cheques to cover verified invoices will be raised by the Clerk and presented for signature to two Councillors with mandated authority. They will be signed either immediately before or immediately after a Council or Committee meeting.
- iv. All cheques for signature will be accompanied by the relevant verified invoice. At least one signatory will initial the invoice to cross confirm that it agrees with the cheque details.
- v. The cheque signatories will initial the cheque stub to confirm that it agrees with the cheque details.
- vi. The cheque number will be added to the 'paid' copy invoice for audit trail purposes.
- vii. Revenue expenditure may be authorised up to the amounts included for that class of expenditure in the approved budget.
 - the council must authorise all items over £750;
 - a duly delegated committee of the council may authorise items up to £750 for ratification at the next parish council meeting;
 - The Clerk, in conjunction with Chairman of Council or Chairman of the appropriate committee, may authorise items up to £500 for ratification at the next council meeting.

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/from an earmarked reserve as appropriate ('virement').

- viii. In an emergency, the Chairman and the Clerk shall have authority jointly to approve expenditure of no more than £500, whether budgeted or not, for ratification at the next Council Meeting.

5. Payment of Accounts – Online payment

- i. If approved by the parish council, payments can be made using internet banking by members authorised to do so by the council.
- ii. Two members must authorise any online payments and these members will be responsible for all aspects of setting up and making the bank transfer. Evidence must be retained showing which members approved the payment and that payments have been made. This evidence will be provided to the Clerk.
- iii. Members authorised to make payments will be responsible for ensuring effective online security relating to the account including:
 - secure storage of passwords in a manner that ensures they can not be identified as relating to the parish council's accounts;
 - non-disclosure of passwords to anyone other than the Clerk and then only in exceptional circumstances.
 - installation of antivirus software on devices used to access the account.
- iv. 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. Record Keeping and Reporting to Council

- i. The Clerk will keep all accountancy and other records, determine their form, and ensure all income and expenditure is entered promptly.
- ii. The Clerk will report these records to the Council in bi-monthly RFO reports which will show, as a minimum, orders requested for approval and unpresented cheques during the period, a bank reconciliation and a report on expenditure against budget. The reports will be minuted. Bank reconciliations will be checked quarterly by a Councillor.
- iii. All correspondence and accounting records are to be retained for at least 7 years. Minutes are to be kept in perpetuity.
- iv. Suitable arrangements will be made to back-up computerised records. Generally, accounting and other records will be in line with NALC recommendations.

7. Internal Audit

- i. The Council will annually appoint an independent person or body to act as internal auditor who will examine the accounting records of the Council to check that procedures are being followed, all relevant supporting papers are maintained and that these Financial Regulations are being adhered to.

- ii. The internal auditor will be competent and independent of the financial operations of the council; 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.
- iii. 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.

8. Annual Accounts and Annual Return

- i. The Clerk 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.
- ii. The Clerk shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.

9. Assets register

- i. The Clerk will maintain a Register of Council Assets, reviewed annually by Council prior to the renewal of the insurance cover for the succeeding year.
- ii. No property shall be sold or otherwise disposed of without the consent of Council.

10. Insurance

- i. The Clerk will be responsible for ensuring the Council has adequate insurance to include cover for property, third party liability, fidelity guarantee, employer's liability and other areas as directed by Council.
- ii. The Clerk will notify Council of new risks arising.
- iii. The level of cover will be reported annually to Council for approval at the meeting prior to renewal of the policy.
- iv. Clerk will be responsible for processing all claims and informing Council.

11. Orders

- i. All orders for goods and/or services will be confirmed in writing on Council headed paper or order form. Where supplier's order forms are used a copy is to be taken.
- ii. Copies of all orders are to be retained for audit purposes.

12. Contracts

- i. Contracts covering a period of more than one year are to be approved by Council with the full detail of the obligations involved having been circulated in writing at least a month beforehand.
- ii. Where the supply of goods, materials, equipment or services is required and the total expenditure is likely to exceed £3,000, the Clerk is to seek a minimum of three quotations.
- iii. Failure to obtain three quotations will not make the process invalid, where there is evidence of at least three potential suppliers being sought.
- iv. For one-off expenditure of over £100 normally two estimates will be obtained.
- v. The Council will not be obliged to accept the lowest or any quotation.
- vi. Exceptions to these rules may be made for:
 - the continued supply of services such as electricity, telephone, water and sewage. Contracts for the supply of such services will be reviewed, where alternative suppliers exist, at least every two years.
 - the extension of an existing contract in order to allow for completion or supply.
 - for specialist services such as are provided by legal professionals acting in disputes.
 - the repair or supply of parts for existing machinery or plant; but in every such case suitable justification will be minuted.
 - additional audit work of the external auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of council); and
 - for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

Tendering processes will make reference to the terms as laid out in the Bribery Act 2010.

Any proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £25,000 shall comply with the 2015 Public Contracts Regulations which include the use of the Contracts Finder website.

Any proposed contract for the supply of utility and transport services and other relevant activities shall comply with the relevant procurement procedures and other requirements in the Utilities Contracts Regulations 2016.

13. Spending on Projects

Significant spending commitments, comprising one-off expenditures of £1,000 or more and recurrent expenditures of £200 per year or more, whether direct expenditure by the Parish Council or by way of donation or grant (see 15), will be subject to a three stage process with each stage being considered at different meetings. The requirements for each stage are:

1. The proposal is considered by the Parish Council or the Budget Working Party and the benefits to the Parish are identified. If the proposal is felt worthy of further exploration an individual or group is identified to produce a written feasibility study that will be submitted to a subsequent Parish Council meeting.
2. The written feasibility study i.e.
 - what are the needs
 - what funding options have been considered
 - how will the project be achieved
 - what other requirements should be satisfied
 - project specification, including details and photographs of the existing asset condition and configuration
 - what is the total budgeted cost?

is to be presented to the Parish Council at least one week before its meeting. If the Parish Council accepts the feasibility study, it will identify an individual or group to seek quotations as per 11 above and any necessary permissions.

3. The necessary quotations and permissions are to be presented to the Parish Council at least a week before the Parish Council meeting at which the Council may take a decision to make a formal commitment to the project. Once approved, that individual or group shall continue to oversee delivery by the appointed contractor or supplier, to ensure that the works or supplies are compliant with the Council's requirements.

14. Clerk's salary and other payments

- i. The Council will annually review the Clerk's salary and other payments as per the relevant contract.
- ii. All changes to the Clerk's salary and other payments are to be reported to the Council and minuted. All discretionary changes to salary levels and other payments are to be prior approved by Council.
- iii. The Clerk will ensure that records are kept to satisfy Inland Revenue inquiries and that tax and NI liabilities are met.

15. Expenses – Staff and Councillors

- i. The Clerk is entitled to claim authorised travel and out of pocket expenses.

- ii. Councillors are entitled to claim travel and out of pocket expenses for travel outside the parish, attending training or on other authorised Council work.
- iii. Rates are to be in line with the SALC recommended rate at the time.
- iv. All claims are to be made in writing, with appropriate detail enabling the claim to be checked without further reference, in the name of the person claiming and to be signed.
- v. Records will be kept of all such payments so as to be able to satisfy Inland Revenue inquiries.

16. Donations and Grants to External Bodies

- i. Donations are unconditional payments made to non-commercial organisations for purposes predominantly for the benefit of Stoke by Nayland and its residents. Donations will not be made to organisations located outside Stoke by Nayland except by way of recognition of specific services already rendered to Stoke by Nayland or its residents. These payments may require to be made under s.137.
- ii. Grants are contributions to projects being managed by another village organisation. They will be made only for specific purposes and for expenditure incurred within 12 months of the application. Grants require a written application by the grantee setting out the reasons for the application, the funds required and the date by which they are needed.
- iii. Applications for a donation or a grant will be supported by the organisation's audited accounts for the two most recent years, its constitution and officers.

17. Revision of Financial Regulations

- i. No amendments to these orders may be made without reference to the Council.
- ii. An addendum is to be maintained to show the section numbers, when amendments are made.

Amendments:

- 1) New para 1.7 2 Feb 1999
- 2) Amended para 4.1 1 Oct 2002
- 3) Amended para 14 1 Oct 2002
- 4) Major review 5 May/8 September 2009
 - Bank reconciliations to be performed quarterly
 - Para 3 clarified
 - Receipts & Payments to be reported to every Council meeting
 - Amendment to cheque signing procedure
 - Para 6 clarified
 - References to petty cash removed
 - Requirement to review contracts at least every two years added
 - Computer back-up requirement added
 - New para 14
 - New para 15
 - Drafting changes for clarity and consistency
- 5) Major review 10 November 2015
 - Provision for Budget Working Party
 - Incorporation of NALC recommendations
 - Sections 1, 2, 3, 4, 5 and 9 amended
 - Other changes for clarity and consistency
- 6) Review 3 March 2018
 - New and revised content relating to internal control and risk management, internal audit, record keeping and annual accounts.
 - Regulations reordered. Check against legal requirements in Local Government Act 2015.
- 7) Update of procurement regulations – 3 September 2019
- 8) Insertion of provisions relating to online banking and latest NALC updates – 1 September 2020
- 9) Updates to section 4 to enable committees to authorise spending and clarify budgeting arrangements.