



# Boxley

## PARISH COUNCIL

# FINANCIAL REGULATIONS

**Adopted by Council November 2022**

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Annexe - flowchart

## 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. The Finance & General Purposes Committee (F&GPC) maintains an overview of the application of these regulations and its Terms of Reference identifies the situations where it must make a recommendation to full council before it considers a decision. 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<sup>1</sup> and any other specific regulations relating to contracts.

The detailed working practices of the office with regard to financial transactions are detailed in the annually reviewed Financial Transactions Policy.

References to signatures also covers electronic or written authorisations.

- 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 are 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.
- If in the opinion of the RFO, a decision has been taken that is considered unsafe or which may bring the council into disrepute the RFO has the authority to 'call in' the decision and report the issue back to the council or committee for review.

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, having first received any recommendations that committees are required to submit, as identified in the individual Terms of Reference.

- 1.14. In addition, the council, or committees if so identified in their Terms of Reference, must:
- determine and keep under regular review the bank mandate for all council bank accounts;
  - 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 Bank reconciliations (for all accounts) will be undertaken, by the Chairman or a councillor, prior to or at the scheduled F&GPC meeting of which there are six per year. The member shall sign the reconciliations as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the F&GPC.
- 2.3 The RFO shall complete the Annual Governance Accountability Return, Governance Statement., and any related documents of the council contained in the Annual Governance Accountability Return (as specified in proper practices) as soon as practicable after the end of the financial year and submit them to the F&GPC for scrutiny and for the committee to make a recommendation to the full council concerning approving them. Having certified the accounts, the RFO shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.
- 2.4 The council, with recommendations from the F&GPC, 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 (two audits per year) 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;

- 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.
- supply to council in writing a minimum of two written reports during each financial year

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.

2.11 Two audits per annum will be undertaken by parish councillors and their reports will be submitted to the F&GPC.

### **3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING**

3.1. Each committee shall review its three-year forecast of revenue and capital receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the council not later than the end of December each year including any proposals for revising the forecast.

3.2. The RFO must each year, by no later than October 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 F&GPC and the council. The F&GPC will recommend to the council concerning the adoption of the budget and level of precept to be set.

3.3. The council shall consider annual budget proposals in relation to the council's three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.

3.4. The council shall fix the precept (council tax requirement), 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.

3.5. The approved annual budget shall form the basis of financial control for the ensuing year.

#### **4. BUDGETARY CONTROL AND AUTHORITY TO SPEND**

- 4.1. The Parish Council shall only commit annual expenditure up to the value of the precept, received grants and other income plus reserves. Monies taken from the reserves shall be clearly identified.
- 4.2. Expenditure on revenue budget 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:
  - (a) The RFO shall have discretion to order goods and sundries and authorise the execution of minor works up to £500 necessary for the day-to-day performance of the Council's business.
  - (b) The RFO can authorise procurement of goods or services and agree expenditure up to £1,000 after consultation with the Chairman of the relevant Committee.
  - ~~(c) Petty cash of £150 will be held in the parish office. A monthly account of expenditure is to be submitted to restore the amount to £150. The necessary expenditure will be approved by 2 councillors and the sum withdrawn from the Bank.~~
  - (d) A pre-paid debit card within a maximum sum of £500, as authorised by the F&GPC, will be held in the parish office.
  - (e) A monthly account of all expenditure is to be submitted to the parish council
  - (f) Contracts may not be disaggregated to avoid controls imposed by these regulations.
- 4.3. 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').
  - (a) The F&GPC may authorise the transfer of monies between the contingency budget and other budgets after considering recommendations from the relevant committees.
  - (b) Committees can vire monies within their own committee budgets subject to a ceiling of £1,000 per project. Amounts in excess of this will require endorsement by the F&GPC. These will be noted, and the accounting system will be adjusted to reflect the changes
  - (c) The F&GPC will monitor progress on projects and seek confirmation that the budget created is to the size established at the project authorisation stage.
- 4.4. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.5. The salary budgets are to be reviewed at least annually, during the preparation of the budget, 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.
- 4.6. 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 provide the F&GPC, at its scheduled meetings, with a statement of income and expenditure to date under each head of the budgets, comparing actual expenditure to date against that planned in the budget. Variations in excess of 15% of the budget, if over £100 should be explained by an accompanying report.
- 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/Assistant Clerk shall prepare a schedule of payments requiring authorisation. All parish councillors can be authorised to approve payments, with a minimum of two authorisations required for any financial transaction.
- 5.3. All invoices for payment shall be examined, verified and certified by the RFO/Assistant Clerk to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.
- 5.4. The RFO/Assistant Clerk shall examine invoices for arithmetical accuracy and allocate them to the appropriate expenditure heading(s). The RFO/Assistant Clerk shall take every step to submit all invoices received for authorisation, and which are in order, and for subsequent payment at the first available opportunity.
- 5.5. **On activation by a minute of this authority.** The Clerk and RFO shall have delegated authority to transfer funds within the councils banking arrangements up to the sum of £15,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council or the F&GPC.
- 5.6. **On activation by a minute of this authority.** For each financial year the Clerk and RFO/Assistant Clerk 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 ,or a duly authorised committee, 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. A record of regular payments made under 5.6 above shall be drawn up and be signed by two members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and / or made.
- 5.8. In respect of grants a duly authorised committee shall approve expenditure within any limits set by council and in accordance with any policy statement approved by



council. Any Revenue or Capital grant in excess of £5,000 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 authorised 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. Details of procedures are in the Financial Transaction Policy which is reviewed annually.
- 6.2. Following authorisation under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the Clerk/RFO shall give instruction that a payment shall be made.
- 6.3. All payments shall be paid by cheque, Card, BACS or direct debit, to the council's bankers, or otherwise, in accordance with a resolution of council or duly delegated committee.
- 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 authorised by two members of council. Any member 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. Authorisation of parish councillor and chairman allowances are, for reasons of practicality, exempt from this regulation.
- 6.5. At every authorisation of payments members must check invoices against the accompanying payment schedule and payment authorisation and initial the payment schedule to indicate agreement of the details. Signatories of cheques shall each also initial the cheque counterfoil.
- 6.6. A detailed list of all payments shall be disclosed within or as an attachment to the council agenda and minutes. 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.
- 6.7. If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable direct debit provided that the instructions are signed by two members and any payments are reported to council as made.
- 6.8. 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.

- 6.9. If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which two members approved the payment.
- 6.10. 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 by the council or a duly delegated committee.
- 6.11. 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.
- 6.12. The parish office computers can be used by councillors authorising BACS payments. Councillors may use their home computers to authorise payments. Copies of invoices and schedules will be scanned and sent to Councillors for authorisation before payments are made.
- 6.13. Where internet banking arrangements are made with any bank, the Clerk/Assistant 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.
- 6.14. 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 BPC passwords 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.
- 6.15. Changes to account details for suppliers used for internet banking may only be made once the Clerk is satisfied that the request is genuine.
- 6.16. A pre-paid debit card may be issued to employees within variable limits, currently £500. These limits will be set by the F&GPC. Transactions and purchases made will be reported to the council.
- 6.17. 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.
- ~~6.18. The Clerk may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the Clerk with a claim for reimbursement.
  - a) The RFO shall maintain a petty cash float of £150 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
  - b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
  - c) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to council under 5.2 above.~~

## **7. PAYMENT OF SALARIES AND COUNCILLOR ALLOWANCES<sup>2</sup>**

- 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.
- 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 F&GPC.
- 7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be kept confidential and secure. 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.
- 7.6. An effective system of personal performance management should be maintained for the senior officers.
- 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. ACCOUNTS**

The Council uses the Rialtas Omega software package for accounts. This software is hosted by Microshades as a virtualised instance. Microshades back up all data daily and this backup is stored off site. Microshades keep all accounting data for 2 years. The Council will take a backup at the end of every financial year which will be stored on an external hard drive and kept in the safe.

## **9. LOANS AND INVESTMENTS**

- 9.1. All borrowings shall be effected in the name of the council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be

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<sup>2</sup> Including Chairman's Allowance

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.

- 9.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State/Welsh Assembly Government (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.
- 9.3. 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 or RFO.
- 9.4. 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.
- 9.5. 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.
- 9.6. All investments of money under the control of the council shall be in the name of the council.
- 9.7. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 9.8. 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).

## **10. INCOME**

- 10.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 10.2. 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.
- 10.3. The Estates Committee will review all its fees and charges at least annually, following a report of the Clerk/ Assistant Clerk.
- 10.4. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
- 10.5. Cash in excess of £500 received by the parish council shall be banked within two working days. Cheques will be banked within 5 working days of receipt. The origin of each receipt shall be entered on the paying-in slip.
- 10.6. Personal cheques shall not be cashed out of money held on behalf of the council.

- 10.7. The RFO/Assistant 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 quarterly.
- 10.8. Where any significant sums of cash are regularly received by the council, the RFO 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.

## **11. ORDERS FOR WORK, GOODS AND SERVICES**

- 11.1. 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.
- 11.2. 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<sup>3</sup> or estimates<sup>4</sup> from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11.1 below.
- 11.3. A member may not issue an official order or make any contract on behalf of the council.
- 11.4. 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 record the power being used.

## **12. CONTRACTS**

- 12.1. 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 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 £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairmen of the council and F&GPC); and

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<sup>3</sup> A quotation/tender is defined as a fixed price for which specified work will be carried out or goods supplied. Where possible the council will seek quotations.

<sup>4</sup> An Estimate is defined as a sum of money, which specified work or supply of goods may cost. It is not a fixed price. Estimates should not normally be sought

- 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<sup>5</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 thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)<sup>6</sup>.
- 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 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, who is not, where applicable, a member of the committee considering the tender. A note signed by the opener and witness will record the name of the company and the tender price. The list of firms included in the briefing document submitted to the committee choosing the successful bidder shall be in alphabetical order but the names shall not be disclosed to the committee until after fair consideration of all the bids.
- g. Any invitation to tender issued under this regulation shall be subject to Standing Orders 18 and shall refer to the terms of the Bribery Act 2010.
- h. Subject to paragraph 11.1(a) 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 the following procedures will be followed:
  - Between £1,000 and £5,000 the council or committee will use discretion after consideration of quotations invited from contractors.
  - £5,000 and not exceeding £10,000 shall not be entered into without 3 quotation requests being made.
  - The procurement of goods, materials and services and the execution of works exceeding £10,000 shall not be entered into without 3 written quotations.
- i. Neither the council or committee 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.
- k. If, despite attempts, an insufficient number of quotations/tenders is received, or all submissions are identical the council may make such

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<sup>5</sup> The Regulations require councils to use the 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>6</sup> Thresholds currently applicable are:

- a. For public supply and public service contracts £181,302
- b. For public works contracts £4,551,413

arrangements for procuring the goods or materials or executing the works as it thinks fit. None of this shall apply where the cost of this exceeds £25,000<sup>7</sup>.

12.2 Subject to the foregoing, any proposed contract for the supply of goods, materials, services and the execution of works shall be procured as follows:

- (a) No project shall be submitted for approval to the Parish Council unless it has a Parish Councillor 'owner'; that it can be demonstrated that the proposed expenditure is commensurate with the benefit to the community; and is supported by adequate capital and revenue information. The only exception to this rule shall be proposals for feasibility studies.
- (b) *The method of selection of a company or persons to be contacted shall be decided by members or the Responsible Financial Officer from any of the following sources:*
  - *any local authority 'fair trading' list;*
  - *by recommendation; or*
  - *by advertising in a local newspaper of the intention of the Council to invite tenders.*

12.3 For clarity, the following procedural steps shall be followed for all projects requiring expenditure:

- (a) Identification of a project to the Parish Council or relevant committee. It is expected that this will be done at the budget setting stage.
- (b) Approval or rejection by Council/committee after discussion.
- (c) Priority rating allocated by Council/committee.
- (d) Tender specification<sup>8</sup> drawn up and approved by Council or relevant committee.
- (e) Management of successful tenders/work agreed<sup>9</sup>
- (f) Tenders/quotations invited by RFO to meet with specification approved by appropriate committee or Parish Council chairman<sup>10</sup>.
- (g) Opening of Tenders/Quotations.
- (h) Evaluation by project owner and parish office for submission to appropriate committee.
- (i) Approval/rejection by Committee or Parish Council.
- (j) Order raised by RFO.
- (k) Work in progress shall be monitored.
- (l) Signing off confirming work done/goods delivered by RFO/committee chairman.
- (m) Payment of invoice, including the stage payment where appropriate.

12.4 Where the Parish Council donates money to, or financially supports another organisation or group, it is a condition of such financial support that a copy of the organisation's approved accounts shall be made available. Village Hall organisations will be encouraged to apply for other sources of funding (see relevant grant policies).

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<sup>7</sup> Standing Order 18(c).

<sup>8</sup> Specifications should include when available relevant dates (commencement of work/services, finish date, frequency of any maintenance etc.), standards set/required, relevant maps or descriptions of locations, glossaries, payment terms, any identified penalties etc.

<sup>9</sup> Issues to be considered identification of project manager, identification of what checks will be undertaken to ensure any standards are met/work is completed, will there need to be any reviews on costs/prices etc.

<sup>10</sup> See Regulation 12.

- 12.5 Any resolution, which is not the result of a recommendation of the F&GPC, and which, if agreed, would, in the opinion of the Chairman of the Parish Council or RFO, substantially increase the expenditure or reduce the revenue of the Council or committee, shall be referred to the next ordinary meeting of the Council for discussion.
- 12.6 If, in the opinion of the RFO, a financial decision has been taken that is unsafe or which may bring the council into disrepute the RFO has authority to report the issue back to the council or committee for review.
- 12.7 If a person or company applying to the Council for employment or tendering for work is to his/her knowledge related to or has business links to any member or employee of the Council, then this link/relationship must be notified in writing to the RFO. Failure to do so will result in an application being rejected or, if already appointed, could result in termination without notice. The RFO shall report to the council or committee any such disclosure.
- 12.8 Canvassing of members of the Council or of any committee, directly or indirectly, for any appointment or contract shall disqualify the applicant from such appointment. The RFO shall make known the purpose of this sub-paragraph to every applicant.

### **13. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS (PUBLIC WORKS CONTRACTS)**

- 13.1. 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).
- 13.2. 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.
- 13.3. 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.]

### **14. STORES AND EQUIPMENT**

- 14.1. The Clerk/Assistant Clerk shall be responsible for the care and custody of stores and equipment.
- 14.2. 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.
- 14.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 14.4. The RFO shall be responsible for periodic checks of stocks and stores at least annually.

### **15. ASSETS, PROPERTIES AND ESTATES**



- 15.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the council. The RFO 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.
- 15.2. No tangible moveable property shall be, sold, leased or otherwise disposed of, without the authority of the council or appropriate committee, together with any other consents required by law, if the value does not exceed [£250].
- 15.3. 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).
- 15.4. 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).
- 15.5. 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 council or appropriate committee. In each case a report in writing shall be provided to council or appropriate committee with a full business case.
- 15.6. The RFO 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.

## **16. INSURANCE**

- 16.1. Following the annual risk assessment (per Regulation 17), the Clerk/RFO shall effect all insurances and negotiate all claims on the council's insurers.
- 16.2. The Clerk/RFO shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.
- 16.3. The Clerk/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.
- 16.4. 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, or duly delegated committee.

## **17. CHARITIES**

- 17.1. Where the council is sole managing 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.

## **18. RISK MANAGEMENT**

- 18.1. The council is responsible for putting in place arrangements for the management of risk. The Clerk/Assistant Clerk shall prepare, for approval by the council or relevant committee, 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.
- 18.2. When considering any new activity, the Clerk/Assistant Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council or relevant committee.

## **19. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

- 19.1. It shall be the duty of the council to annually review the Financial Regulations of the council. 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.
- 19.2. 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.

Adopted by Council November 2022

## Summary of Financial Regulations (FR) and Standing Orders (SO) and Procurement

Amount	Decision Level	Actions	FR or SO
Up to £500	RFO	RFO has discretion to order goods etc for the day to day performance of the council	FR 4.2(a)
£500 - £1,000	RFO & Chairman	RFO after consultation with the relevant Chairman can approve payment	FR 4.2(b)
£1,000 - £5,000	Council or Committee	Quotations required, number not specified.	FR 10.3 & FR 11.1
£5,000 - £10,000	Council or Committee	3 quotation requests required	FR 10.3 & FR 11.1(h)
£10,000 - £25,000	Council or Committee	Minimum of 3 written quotations	FR 11.1(h)
£25,000 and over	Council or Committee	Compliance to the The Public Contracts Regulations 2015	SO 18(c) & FR 12.1 b), c)