

PATRINGTON PARISH COUNCIL

Financial Regulations

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These Financial Regulations were adopted by the council at its meeting held on

FINANCIAL REGULATIONS

Notes

- a) These regulations supersede earlier adopted Financial Regulations.
- b) The regulations have been modelled on the template produced by the National Association of Local Councils (NALC) in March 2025.

1. GENERAL

1.1. These Financial Regulations govern the financial management by the council and may only be amended or varied by resolution of the council. They are one of the council's governing documents and shall be observed in conjunction with the council's Standing Orders.

1.2. Councillors are expected to follow these regulations and not entice employees to breach them. Failure to follow these regulations brings the office of councillor into disrepute.

1.3. Wilful breach of these regulations by an employee may result in disciplinary proceedings.

1.4. In these Financial Regulations:

* 'Accounts and Audit Regulations' means the regulations issued under Sections 32,43(2) and 46 of the Local Audit and Accountability Act 2014, or any superseding legislation, and then in force, unless otherwise specified.

* "Approve" refers to an online action, allowing an electronic transaction to take place.

* "Authorise" refers to a decision by the council, or a committee or an officer, to allow something to happen.

* 'Proper practices' means those set out in The Practitioners 'Guide'

* Practitioners' Guide refers to the guide issued by the Joint Panel on Accountability and Governance (JPAG) and published by NALC in England.

* 'Must' and **bold text** refer to a statutory obligation the council cannot change.

* 'Shall' refers to a non-statutory instruction by the council to its members and staff.

1.5. The Clerk has been appointed (RFO) holds a statutory office, appointed by the council. The RFO;

* acts under 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 control systems;

* ensures the accounting control systems are observed;

* ensures the accounting records are kept up to date;

- * seeks economy, efficiency, and effectiveness in the use of council resources;
- * produces financial management information as required by the council.

1.6 The council must not delegate any decision regarding:

- * **setting the final budget or the precept (council tax requirement);**
- * **the outcome of a review of the effectiveness of its internal controls;**
- * **approving accounting statements;**
- * **borrowing;**
- * **declaring eligibility for the General Power of Competence; and**
- * **addressing recommendations from the internal or external auditors**

1.7 In addition, the council shall:

- * determine and regularly review the bank mandate for all council bank accounts;
- * authorise any grant or single commitment in excess of £3,000;

2. Risk management and internal control

2.1 The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.

2.2 The Clerk/RFO shall prepare, for approval by the council, a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed the council at least annually.

2.3 When considering any new activity, the Clerk/RFO shall prepare a draft risk assessment including risk management proposals for consideration by the council.

2.4 At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.

2.5 The accounting control systems determined by the RFO must include measures to:

- * **ensure that risk is properly managed**
- * **ensure the prompt, accurate recording of financial transactions;**
- * **prevent and detect inaccuracy or fraud; and**
- * **allow the reconstitution of any lost records;**
- * **ensure division of responsibilities.**

2.6 At least before each financial year end, a member other than the Chairman or a cheque signatory shall be appointed to verify bank reconciliations produced by the RFO. The member shall sign and date the reconciliations and original bank statements as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council.

2.7 Regular back-up copies shall be made of the records on any council computer and stored either online or in a separate location from the computer. The council shall put measures in place to ensure that the ability to access any council computer is not lost if an employee leaves or is incapacitated for any reason.

3. Accounts and audit

3.1 All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.

3.2 The accounting records determined by the RFO must be sufficient to explain the council's transactions and to disclose its financial position with reasonable accuracy at any time. In particular, they must contain:

*** day to day entries of all sums of money received and expended by the council and the matters to which they relate;**

*** a record of the assets and liabilities of the council.**

3.3 The accounting records shall be designed to facilitate the efficient preparation of the accounting statements in the Annual Governance and Accountability Return.

3.4. The Clerk shall complete and certify the annual Accounting Statements of the council contained in the Annual Governance and Accountability Return in accordance with proper practices, as soon as practicable after the end of the financial year. Having certified the Accounting Statements, the Clerk shall submit them with any related documents to the council, within the timescales required by the Accounts and Audit Regulations.

3.5 The council must ensure that there is an adequate and effective system of internal audit of its accounting records and internal control system in accordance with proper practices.

3.6 Any officer or member of the council must make available such documents and records as the internal or external auditor consider 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.

3.7 The internal auditor shall be appointed by the council and shall carry out the work in accordance with proper practices specified in the Practitioners Guide.

3.8 The council shall ensure the internal auditor:

*** is competent and independent of the financial operations of the council;**

*** reports to the council, in writing, or in person, on a regular basis with a minimum of one written report during each financial year.**

*** can demonstrate competence, objectivity and independence, free from any actual or perceived conflicts of interest, including those arising from family relationships; and**

* has no involvement in the management or control of the council.

3.9 Internal or external auditors may not under any circumstances:

* perform any operational duties for the council;

* initiate or approve accounting transactions;

* provide financial, legal, or other advice including in relation to any future transactions; or

* direct the activities of any council employee, except to the extent those such employees have been appropriately assigned to assist the internal auditor.

3.10 For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as described in The Practitioners Guide.

3.11 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 display or publish any notices and documents required by the Local Audit and Accountability Act 2014, or any superseding legislation, and the Accounts and Audit Regulations.

3.12 The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

4. Budget and Precept

4.1 Before setting the precept, the council must calculate its council tax requirement for each financial year by preparing and approving a budget, in accordance with The Local Government Finance Act 1992 or succeeding legislation.

4.2 Budgets for salaries and wages, including employer contributions shall be reviewed by the council at least annually for the following financial year and the final version shall be evidenced by a hard copy schedule signed by the Clerk and the Chairman of the Council.

4.3 No later than January each year, the RFO shall prepare a draft budget with detailed estimates of all receipts and payments for the following year.

4.4 Unspent budgets for completed projects shall not be carried forward to a subsequent year. Unspent funds for other projects may be carried forward by placing them in an earmarked reserve with the formal approval of the council.

4.5 Having considered the proposed budget, the council shall determine its council tax requirement by setting a budget. The council shall set a precept for this amount no later than the end of January for the ensuing financial year.

4.6 Any member with council tax unpaid for more than two months is prohibited from voting on the budget or precept by Section 106 of the Local Government Finance Act 1992 and must disclose at the start of the meeting that Section 06 applies to them.

4.7 The RFO shall issue the precept to the billing authority **no later than the end of February** and supply each member with a copy of the agreed annual budget.

4.8 The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what is planned.

4.9 Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the council.

5. Procurement

5.1. Members and officers are responsible for obtaining value for money at all times.

Any officer procuring goods, services or works should ensure, as far as practicable, that the best available terms are obtained, usually by obtaining prices from several suppliers.

5.2. The Clerk should verify the lawful nature of any proposed purchase before it is made and in the case of new or infrequent purchases, should ensure that the legal power being used is reported to the meeting at which the order is authorised and also recorded in the minutes.

5.3. Every contract shall comply with these the council's Standing Orders and these Financial Regulations and no exceptions shall be made, except in an emergency.

5.4. For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Procurement Act 2023 or the procurement Regulations 2024 or any superseding legislation ("the Legislation") must be followed in respect of the tendering, award and notification of that contract.

5.5. Where the estimated value is below the Government threshold, the council shall (with the exception of items listed in paragraph 6.12) obtain prices as follows:

5.6. For contracts estimated to exceed £60,000 including VAT, the Clerk shall seek formal tenders from at least three suppliers agreed by the council OR advertise an open invitation for tenders in compliance with any relevant provisions of the Legislation. Tenders shall be invited in accordance with Appendix 1.

5.7. For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation regarding the publication of invitation notices.

5.8. For contracts greater than £3,000 excluding VAT the Clerk shall seek at least 3 fixed price quotes;

5.9. where the value is between £500 and £3,000 excluding VAT, the Clerk shall try to obtain 3 estimates which might include evidence of online prices, or recent prices from regular suppliers.

5.10. For smaller purchases, the clerk shall seek to achieve value for money.

5.11. Contracts must not be split into smaller lots to avoid compliance with these rules.

5.12. The requirement to obtain competitive prices in these regulations need not apply to contracts that relate to items (i) to (iv) below:

- i. specialist services, such as legal professionals acting in disputes;

- ii. repairs to, or parts for, existing machinery or equipment;
- iii. works, goods or services that constitute an extension of an existing contract;
- iv. goods or services that are only available from one supplier or are sold at a fixed price.

5.13. When applications are made to waive this financial regulation to enable a price to be negotiated without competition, the reason should be set out in a recommendation to the council. Avoidance of competition is not a valid reason.

5.14. The council shall not be obliged to accept the lowest or any tender, quote or estimate.

5.15. Individual purchases within an agreed budget for that type of expenditure may be authorised by:

- the Clerk, under delegated authority, for any items below £500 excluding VAT.
- the Clerk, in consultation with the Chair of the Council or Chair of the appropriate committee, for any items below £2,000 excluding VAT.
- a duly delegated committee of the council for all items of expenditure within their delegated budgets for items under £5,000 excluding VAT.
- in respect of grants, a duly authorised committee within any limits set by council and in accordance with any policy statement agreed by the council.
- the council for all items over £5,000; Such authorisation must be supported by a minute in the case of council or other auditable evidence trail.

5.16. No individual member, or informal group of members may issue an official order unless instructed to do so in advance by a resolution of the council or make any contract on behalf of the council.

5.17. No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of the council or a duly delegated committee acting within its Terms of Reference except in an emergency.

5.18. In cases of serious risk to the delivery of council services or to public safety on council premises, the clerk may authorise expenditure of up to £2,000 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. The Clerk shall report such action to the Chair as soon as possible and to the council as soon as practicable thereafter.

5.19. No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless the council is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first.

5.20. An official order or letter shall be issued for all work, goods and services above £250 excluding VAT unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained, along with evidence of receipt of goods.

5.21. Any ordering system can be misused and access to them shall be controlled by the Clerk.

6. Banking and payments

6.1 The council's banking arrangements, including the bank mandate, shall be made by the RFO and authorised by the council; banking arrangements shall not be delegated to a committee. The council has resolved to bank with Barclays . The arrangements shall be reviewed regularly for security and efficiency.

6.2 The council must have safe and efficient arrangements for making payments, to safeguard against the possibility of fraud or error. Even where a purchase has been authorised, the payment must also be authorised and only authorised payments shall be approved or signed to allow funds to leave the council's bank.

6.3 All invoices for payment should be examined for arithmetical accuracy, analysed to the appropriate expenditure heading and verified to confirm that the work, goods or services were received, checked and represent expenditure previously authorised by the council before being certified by the RFO.

6.4 Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of employment) may be summarised to avoid disclosing any personal information.

6.5 All payments shall be made by cheque, in accordance with a resolution by the council or by a delegated decision by the RFO, unless the council resolves to use a different payment method.

6.6 The Clerk/RFO shall have delegated authority to authorise payments only in the following circumstances:

- i. any payment of up to £500 excluding VAT, within said agreed budget.
- ii. payments of up to £2,000 excluding VAT in cases of serious risk to the delivery of council services or to public safety on council premises.
- iii. any payment necessary to avoid a charge under the Later Payment of Commercial Debts (Interest) Act 1998 where the due date for payment is before the next scheduled meeting of the council, where the Clerk/RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of the council.

6.7 The Clerk/RFO shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting, together with the relevant invoices, to the council. The council shall review the schedule for compliance and, having satisfied itself, shall authorise payment by resolution. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of that meeting.

7. Electronic payments

7.1 Where electronic payments are made with any bank, the Clerk/RFO shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify a minimum of three councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process. The Clerk/RFO will not be an authorised signatory.

7.2 All authorised signatories shall have access to view the council's online bank accounts.

7.3 No employee or councillor shall disclose any PIN or password, relevant to the council or its banking, to anyone not authorised in writing by the council.

7.4 Two councillors who are authorised signatories shall check the payment details against invoices before approving each payment using the online banking system.

7.5 A list of all payments may be made in a month shall be provided to the next council meeting.

7.6 Account details for suppliers may only be changed upon written notification by the supplier verified by the Clerk/RFO and a member. This is a potential area for fraud and the individuals involved should ensure that any change is genuine. Data held should be checked with suppliers every two years.

7.7 Members and officers shall ensure that any computer used for the council's financial business has adequate security, with anti virus, anti-spyware and firewall software installed and regularly updated.

7.8 Remembered password facilities should be used on any computer used for council banking.

8. Cheque payments

8.1 Cheque payments are made in accordance with a resolution or delegated decision shall be signed by two members.

8.2 The Barclays Bank accounts will remain in use unless and until an alternative arrangement is approved by resolution of the council.

8.3. To indicate agreement of the details on the cheque with the counterfoil and the invoice or similar documentation, the signatories shall also initial the cheque counterfoil and invoice.

8.4. Cheques or orders for payment shall not normally be presented for signature other than at, or immediately before or after a council meeting}. Any signatures obtained away from council meetings shall be reported to the council at the next convenient meeting.

9. Petty Cash

9.1 The council will not maintain any form of cash float. All cash received must be banked intact at the earliest opportunity. Any payment made in cash by the Clerk/RFO shall be refunded on a regular basis, at least quarterly.

10. Payment of salaries and allowances

10.1 As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.

10.2 Councillors allowances (where paid) are liable to deduction of tax under PAYE rules and must be taxed correctly before payment.

10.3 Salary rates shall be agreed by the council. No changes shall be made to any employee's gross pay, emoluments, or terms and conditions of employment without prior consent of the council.

10.4 Payment of salaries shall be made after deduction of tax, national insurance, pension contributions and any similar statutory or discretionary deductions, on the dates stipulated in employment contracts.

10.5 Deductions from salary shall be paid to the relevant bodies within the required timescales, provided that each payment is reported, as set out in these regulations above.

10.6 Any termination payments shall be supported by a report to the council, setting out a clear business case. Termination payments shall only be authorised by the full council.

11 Loans and investments

11.1 Any application for Government approval to borrow money and subsequent arrangements for a loan must be authorised by the full council and recorded in the minutes.

11.2 Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as Hire purchase, Leasing of tangible assets or loans to be repaid within the financial year) must be authorised by the full council, following a written report on the value for the money of the proposed transaction.

11.3 Should the council consider any investment the Financial Regulations 2024 must be amended by full council following adoption of a full financial case for doing so..

12 Income

12.1 The collection of all sums due to the council shall be the responsibility of and under the supervision of the Clerk/RFO.

12.2 The Clerk/RFO shall ensure that VAT is correctly recorded in the council's accounting software and that any VAT Return required is submitted by the due date. In the case of failure to meet historic required dates the Clerk/RFO shall ensure that all possible VAT payments that may be due are recovered at the earliest opportunity.

13 Stores and equipment

13.1 The Clerk/RFO shall be responsible for the care and custody of equipment held.

14 Assets

14.1 The Clerk/RFO shall ensure that an appropriate and accurate Register of Assets is kept up to date, with a record of all properties held by the council.

14.2 The continued existence of tangible assets shown in the Register shall be verified at least annually.

14.3 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, except where the estimated value of any one item does not exceed £500. In each case a written report shall be provided to council with a full business case.

15 Insurance

15.1 The Clerk/RFO shall keep a record of all insurances effected by the council and the property and risks covered, reviewing these annually before the renewal date.

15.2 The Clerk/RFO shall record all new risks which require to be insured and of any alterations affecting existing insurances.

15.3 The Clerk/RFO shall be notified of any loss, liability, damage or event likely to lead to a claim, and shall report these to the council at the next available meeting. The Clerk/RFO shall negotiate all claims on the council's insurers.

15.4 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 of exposure as, may be determined by the council.

16 Suspension and revision of Financial Regulations

16.1 The council shall review these Financial Regulations regularly and following any change of Clerk/RFO. The Clerk shall monitor changes in legislation or proper practices and advise the council of any need to amend these Financial Regulations.

16.2 The council may, by resolution 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 assessment of the risks arising has been presented to members. Suspension does not misapply any legislation or permit the council to act unlawfully.

16.3 The council may temporarily amend these Financial Regulations by a duly notified resolution, to cope with periods of absence, local government reorganisation, national restrictions or the exceptional circumstances.

Appendix 1 - Tender process

- 1) Any 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.
- 2) The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the council.
- 3) Where a postal process is used, 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. 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.
- 4) Where an electronic tendering process is used, the council shall use a specific email address that will be monitored to ensure that nobody accesses any tender before the expiry of the deadline for submission.
- 5) Any invitation to tender issued under this regulation shall be subject to Standing Order 18 dated May 2024 and shall refer to the terms of the Bribery Act 2010.
- 6) Where the council does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, 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.