



LANDFORD PARISH COUNCIL FINANCIAL REGULATIONS

These Financial Regulations were approved and adopted by a Meeting of the Council held on 13 September 2023

Signed: Estelle Sherry
(Proper Officer and Responsible Financial Officer)

Signed: Cllr Mary Davies
(Chair of the Council)

Date: 13/09/2023

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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. Financial Regulations are one of the council's governing policy documents providing procedural guidance for members and officers. Financial Regulations must be observed in conjunction with the council's standing orders.

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
- For 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.

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 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.

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 record of receipts and payments and statement of balances, 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 contain:

- Entries from day to day of all sums of money received and expended by the council and the matters to which the receipts and payments relate;
- A record of the assets and liabilities of the council; and
- Wherever relevant, a record of the council's receipts and payments 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;
- Enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
- Identify the duties of the officer dealing with financial transactions and division of responsibilities in relation to significant transactions;
- Ensure that uncollectable amounts, including any bad debts, are submitted by the RFO to council for approval and that the approvals are shown in the accounting records; and
- Ensure measures are in place to enable risk to be properly managed.

1.13. The council is not empowered by these Regulations or otherwise to delegate certain specified decisions, including:

- 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.

1.14. In addition, the council must:

- Determine and keep under regular review the bank mandate for all council bank accounts;
- Approve any grant or a single commitment; and
- In respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant group 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, including the Local Audit and Accountability Act and then in force unless otherwise specified.

1.16 In these financial regulations, the term 'proper practice(s)' 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. At least once each quarter, and at financial year end, a member of the Finance Group shall verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.

2.3. The RFO shall complete the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Return 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.

2.4. The council 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 necessary for that purpose.

2.5. The internal auditor shall be appointed by and shall carry out the work 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;
- Report to council on a regular basis with a minimum of one annual written report during each financial year;
- Demonstrate competence, objectivity and independence, and be free from any actual or perceived conflicts of interest;
- Not be involved in the financial decision making, management or control of the council.

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 arrange 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 bring to the attention of all councillors any correspondence or report from internal or external auditors.

3. Annual Estimates (Budget) and Forward Planning

3.1. 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 Finance Group and reported to the council.

3.2. In November the council shall consider annual budget proposals in relation to the council's one 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.

3.3. The council shall fix the precept and relevant basic amount of council tax 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.

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

4. Budgetary Control and Authority to Spend

4.1. Expenditure on revenue 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 the council. Contracts may not be disaggregated to avoid controls imposed by these regulations.

4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council. During the budget year and with the approval of the RFO, 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').

4.3. The salary budgets are to be reviewed at least annually in October for the following financial year and such review shall be evidenced by a hard copy schedule signed by the HR Group.

4.4. In cases of extreme risk to the delivery of council services, the Clerk may authorise revenue expenditure on behalf of the council which in the Clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether there is any budgetary provision for the expenditure, subject to a limit of £500. The Clerk shall report the nature of the extreme risk and the action taken to the Chair as soon as possible and to the council as soon as practicable thereafter.

4.5. 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 or the requisite borrowing approval has been obtained.

4.6. All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

4.7. The RFO shall regularly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared in October and at each financial year end and shall show explanations of material variances. For this purpose, "material" shall be in excess of 50% variance of the budget for each class of expenditure, or where a budget exceeds £2,000, "material" shall be in excess of £700 variance.

4.8. 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 group or committee. They shall be regularly reviewed for safety and efficiency.

5.2. The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to the Finance Group to review for compliance in advance of the Meeting. At the Meeting, the council shall review the schedule and authorise payment by a resolution. The approved schedule shall be included within the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses may be summarised to remove public access to any personal information.

5.3. All invoices for payment shall be examined, verified and certified by the RFO and a councillor to confirm that the work, goods or services to which each invoice relates has been received and represents expenditure previously approved by the council.

5.4. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, following authorisation by council at the next available meeting.

5.5. The Clerk / RFO shall have delegated authority to authorise fund transfers within the councils banking arrangements up to the sum of £10,000, provided transfer details are submitted to the next appropriate meeting of council.

5.6. When preparing the budget for the following financial year in October, the Clerk / RFO 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 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 occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and / or made.

5.8. Grants 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.

6. Instructions for the making of payments

6.1. The council shall ensure it has in place safe and efficient arrangements for the making of its payments.

6.2. Following authorisation under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the Clerk or RFO shall give instruction that a payment shall be made.

6.3. All payments shall be by BACs. In exceptional circumstances where payment is required by cheque, these shall be signed by two members authorised as signatories under the bank mandate at the next appropriate meeting of the council.

6.4 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.

6.5. Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate approved by the council shall identify at least two councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the Service Administrator alone, or by the Service Administrator with a stated number of approvals.

6.6. Corporate and charge card accounts opened by the Council shall be specifically designated to the Clerk / RFO, whilst remaining in the name of the Council, and shall be subject to automatic payment in full each month. Personal debit or credit cards shall not be used under any circumstances.

6.7. Use of the corporate or charge card must be strictly in accordance with segregation of duties, with any expenditure to first be approved by the Chair or Vice Chair of the Council. A strict limit of £750 expenditure to be enforced for each given month of the financial year.

6.8. Any corporate or charge card shall be used for business purposes only, with use of such a card for personal use strictly prohibited. Such cards must be kept securely when not in use, with all purchases being supported by a VAT invoice and/or receipt, as applicable.

6.9. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by two members. A programme of regular checks of standing data with suppliers will be followed.

7. Payment of salaries

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.

7.2. Payment of salaries and deductions from salary such as may be required 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.

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 HR Group.

7.4. Payment to employees of net salary and to appropriate creditors of the statutory and discretionary deductions shall be confidential. These confidential records are not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:

- by any councillor who can demonstrate a need to know;
- by the internal or external auditor; or
- 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 to the HR Group to ensure that only payments due for the period have been paid.

7.6. Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.

7.7. Before employing interim staff, the council must consider a full business case.

8. Loans and investments

8.1. All borrowings shall be affected in the name of the council, after obtaining any necessary borrowing approval. Any application for borrowing approval as to terms and purpose and subsequent arrangements for the loan shall only be approved by Council.

8.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State such as hire purchase or leasing of tangible assets, shall be subject to approval by Council. A report in writing shall be provided to council in respect of value for money for the proposed transaction.

8.3. 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.

8.4. 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.

8.5. All investments of money under the control of the council shall be in the name of the council.

8.6. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

8.7. 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 (Banking arrangements and authorisation of payments) and Regulation 6 (Instructions for the making of payments).

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 as part of the annual budget setting process, and notified to the RFO.

9.3. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.

9.4. 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.

9.5. Personal cheques shall not be cashed out of money held on behalf of the council.

9.6. 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 annually coinciding with the financial year end.

9.7. Where any significant sums of cash are regularly received by the council, the RFO shall take such steps 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, and that appropriate arrangements are in place to ensure the security of cash taken for deposit.

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. 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 or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11.1 below.

10.3. A member may not issue an official order or make any contract on behalf of the council.

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 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 legal professionals acting in disputes;
- 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; and
- 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 or more, the council shall comply with the relevant requirements of the Regulations ¹.

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 ².

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. 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 member of council.

¹ 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

² Thresholds applicable from 1 January 2024 are:

- a) For public supply and public service contracts (£214,904)
- b) For public works contracts (£5,372,609)

g) Any invitation to tender issued under this regulation shall be subject to Standing Orders 18. Financial Controls and Procurement and shall refer to the terms of the Bribery Act 2010.

h) When it is to enter into a contract of less than £30,000 in value for the supply of goods or materials or for the execution of works or specialist services other than as are excepted in Regulation 11.1 a) the Clerk or RFO shall obtain 3 quotations where the value is below £3,000 and above £100 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.

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

j) Should it occur that the council 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.

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.

13. Assets, properties and estates

13.1. 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.

13.2. 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.

13.3. 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).

13.4. 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 annually.

14. Insurance

14.1. Following the annual risk assessment (per Regulation 17), the RFO shall effect all insurances and negotiate all claims on the council's insurers.

14.2. The RFO shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.

14.3. 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.

14.4. 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.

15. Risk management

15.1. The council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the council, 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.

15.2. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

16. Suspension and revision of Financial Regulations

16.1. 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 a consequential amendment to these Financial Regulations.

16.2. The council may, by resolution suspend any part of these Financial Regulations provided 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.