

DATCHET PARISH COUNCIL

Financial Regulations

**Agreed 2022
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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 three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders and any individual financial regulations relating to contracts.
- 1.2 The Council is responsible in law for ensuring that its financial management is adequate and effective and that it has a sound system of financial control that facilitates the effective exercise of the Council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption.
- 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 return, the Council will conduct a review of the effectiveness of its system of internal control that is in accordance with proper Local Government 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 Clerk will act as Responsible Financial Officer (RFO) for this Council and these regulations will apply accordingly.
- 1.9 The RFO acting under the policy direction of the Council, will administer the Council's financial affairs in accordance with proper practices within Local Government regulations.
- 1.10 The RFO will ensure that these systems are observed and that the accounting records of the Council are maintained and kept up to date in accordance with proper Local Government practices. All budgets and other financial documents will be prepared excluding VAT.
- 1.11 Lead members will receive an update of expenditure to date and committed spend each month in relation to the items they have responsibility for. Finance will provide a full update to council of spend to date, against budget, for the year, each quarter in June, September, December, and March.

- 1.12 In these financial regulations, references to the Accounts and Audit Regulations will mean the Regulations issued under the provisions of the current Audit Commission Act.
- 1.13 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).
- 1.14 A Councillor must declare any connection or association with a company or contractor which a member of the public may reasonably think may influence them when they make a decision on Council matters and acting as a Councillor i.e. where the decision relates to awarding works to a close family member, friend or associate and can be seen to have a benefit to them.
- 1.15 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

2. Audit (internal and external)

- 2.1 All accounting procedures and financial records of the Council will be determined by the RFO following consultation with the Lead Member of Finance and in accordance with Local Authority Accounts and Audit Regulations.
- 2.2 The RFO will ensure that there is an adequate and effective system of internal audit of the Council's financial, accounting and other operations in accordance with proper Local Government practices.
- 2.3 On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.
- 2.4 The RFO shall complete the annual statement of accounts, and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.
- 2.5 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 the council considers necessary for that purpose.

2.6 The Council will appoint an Internal Auditor to carry out the work in relation to internal controls required by the Council in accordance with proper Local Government practices.

2.7 The internal auditor shall:

- be competent and independent of the financial operations of the council;
- report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
- to 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.

2.8 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.

2.9 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.

2.10 The report from the Internal Auditor along with his proposed comments and responses from the RFO will be presented to the Council for authorisation at the next Council meeting.

2.11 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 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.

2.12 The RFO will as soon as practicable, bring to the attention of all members any correspondence or report from the Internal or External Auditor. These to be made available to members of the public on the Parish Council noticeboard and website.

3. Annual Estimates (Budget) and Forward Planning.

3.1 At the end of September (Half year) of each year Lead Members in conjunction with RFO will review their current estimates against works carried out and works proposed up to year end.

3.2 The Lead Councillor for Finance in conjunction with RFO will produce an estimate of the expected year end position for sharing with all councillors at the October council meeting.

3.3 Lead members in conjunction with the RFO and Lead /Deputy Member for Finance will agree estimated budgets within their area of activity in respect of the following financial year, and present to council no later than the December meeting.

3.4 The Council will review these in line with the Borough time scales each year.

3.5 Following any revisions from the December meeting the Lead Member for Finance will review the suggested figures and present them at the Council meeting in January with a

recommendation of the precept for the following financial year. The council will agree the precept at the January meeting.

3.6 Following the resolution by the Council of the proposed precept demand, the RFO will issue the precept to the Borough as billing authority and supply each member with a copy.

3.7 The annual estimated budgets will form basis of financial control for the ensuing year.

4. Expenditure authorisation

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 Clerk, or in the absence of the Clerk the Admin Assistant, for items **less than £300**. This will be reported to Council at the next Council meeting and evidenced by an authorisation slip duly signed by the Clerk or Admin Clerk.
- The Clerk, or in the absence of the Clerk the Admin Clerk, in consultation with a Lead Member for any individual item of expenditure of **more than £300 and less than £3,000**. This will be reported by the Clerk to Council at the next Council meeting. Such authority is to be evidenced by an authorisation slip duly signed by the Clerk and by the appropriate Lead Councillor.
- All individual items of expenditure of **more than £3,000 and less than £5,000** will require at least two written quotations and will be authorised by the Clerk, or in the Clerks absence the Admin Clerk, in consultation with the Lead Member concerned and the Lead Member for Finance. This will be reported by the Clerk to Council at the next Council meeting. Such authority is to be evidenced by a minute and an authorisation slip duly signed by the Clerk and Lead Councillor.

4.2 Individual item of expenditure of **more than £5,000 but less than £25,000** will require a minimum of three written quotations which will be presented to Council by the Lead Member for recommendation and approval.

4.3 Where a contract has an estimated value of more than £25,000 it shall be procured on the basis of a formal tender as summarised below.

4.4 Contracts may not be disaggregated to avoid controls imposed by these regulations.

- i. a specification for the goods, materials, services or the execution of works shall be drawn up.
- ii. an invitation to tender shall be drawn up to confirm (a) the council's specification (b) the time, date and address for the submission of tenders (c) the date of the council's written response to the tender and (d) the prohibition on prospective contractors contacting councillors or staff to encourage or support their tender outside the prescribed process.
- iii. the invitation to tender shall be advertised in a manner that is appropriate.
- iv. tenders are to be submitted in writing by email or in a sealed marked envelope addressed to the Proper Officer.
- v. tenders shall be opened by the Proper Officer in the presence of at least one councillor after the deadline for submission of tenders has passed.

- vi. tenders are to be reported to and considered at a meeting of the council.
 - vii. Details of the contract to be advertised on the Governments Contract Finder Website in accordance with the Public Contract Regulations 2015 or current UK rules.
- 4.6 In the event that less than the stipulated number of competitive quotations can be obtained the Council may elect to waive this requirement. (5.3.1).
- 4.7 In a serious, unexpected and often dangerous situation where immediate action is to be taken, an emergency expenditure may be made on the authority of the Clerk / RFO, or, in the absence of the Clerk, the Admin Clerk in agreement with the Lead Councillor concerned and/or the Chairman and/or the Lead Member of Finance. If out of hours, all efforts should be made to contact the Clerk on the out of hours telephone number and the Council Chair but if this is not possible health and safety responsibilities would take priority and expenditure be permitted. Any such expenditure will be reported as soon as possible to the next Council meeting.

5. Payment authorisation and Banking arrangements

- 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 shall prepare a schedule of payments "Pink Sheet" requiring authorisation, forming part of the Agenda for the Meeting.
- Relevant invoices will be circulated by email to the Council before or at the meeting.
- The council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council.
- The approved schedule shall be ruled off and initialled by the Chairman of the Meeting.
- A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. 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.
- 5.3. All invoices for payment shall be examined, verified and certified by the RFO 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 shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. Each invoice will also be examined by the appropriate Lead member and signed on the 'yellow slip', attached to the invoice to demonstrate that it has been examined.
- 5.5. The Clerk and RFO, or in the absence of the Clerk the Admin Clerk, shall have delegated authority to authorise the payment of items in the following circumstances:
a) If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998.
b) the due date for payment is before the next scheduled Meeting of council, where the Clerk and RFO certify that there is no dispute or other reason to delay payment, provided that the relevant Lead Councillor is in agreement and a list of such payments shall be submitted to the next appropriate meeting of council "Pink Sheet";

- b) An expenditure item authorised under 5.9 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council; or
- c) fund transfers within the councils banking arrangements up to the sum of £10,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council.

- 5.6. When payment has been authorised by Council cheques drawn on the Council's bank account will be signed by two authorised signatory members of the Council, excluding relevant Lead Members, and countersigned by the RFO.
- 5.7. All payments will be effected by cheque or other order drawn on the Council's bankers. The preferred method of payment is utilising BACS. Payments by bank transfer (BACS) with regard to salaries and some invoices can also be made once they are approved by Council and appropriate arrangements made.
- 5.8. Internet banking payments (BACS) will be put on the banking system by the Finance Officer. These will be listed on the monthly 'pink sheet' for approval at a Council meeting. Once approved the RFO will authorise the payments on the banking system which will then generate an email reminder to the list of authorised signatories, for one other councillor to authorise the payments. Should there be any questions over a payment the RFO will hold that item until such time as this is resolved.
- 5.9. If it is thought appropriate by the Council, payment for utility suppliers (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two members and the RFO.
- 5.10. The Council will not maintain any form of Petty Cash account.

6. Payment of Salaries

- 6.1 As an employer, the Council will make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance and any other relevant legislation.
- 6.2 Salaries will be agreed by Council in accordance with national pay scales as recommended by the National Association of Local Councils (NALC) and the Society of Local Clerks (SLCC).
- 6.3 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions in line with current legislation will 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 Council meeting the 'pink sheet'.

7. Expenses

- 7.1 Expenses properly incurred by an officer, member or worker contracted to the Council may and indeed must by common law be defrayed by the Council because they have been incurred on the Council's behalf.
- 7.2 All such expenses will be authorised by the Clerk in line with agreed expenditure levels and reported to the next meeting.

- 7.3 The relevant claim form must be completed, signed by the claimant and submitted to the Clerk.
- 7.4 All receipts must be kept and stapled to the claim form when it is submitted.
- 7.5 The payment will be authorised by the Clerk in consultation with the relevant Lead Member, checked and signed by the Clerk and two other authorised signatories and entered on the 'pink sheet' for authorisation by Council as in 5.5 in the Financial Regulations.
- 7.6 Cards will be only authorised by Lead member finance or his Deputy in consultation with the RFO.
- 7.7 Mileage and subsistence claims for journeys made on Council business will be refunded at the current Local Government rate.

8. Income

- 8.1 The collection of all sums due to the Council is the responsibility of and under supervision of the RFO.
- 8.2 Details of all charges to be made for work done, services rendered, or goods supplied will be agreed annually by the Council and notified to the RFO who will be responsible for the collection of all accounts due to the Council.
- 8.3 The Council will review all fees and charges annually, following a report of the RFO or relevant Lead Member.
- 8.4 Any sums found to be irrecoverable and any bad debts will be reported to the Council and will be written off in the year, unless the Council resolves otherwise.
- 8.5 All sums received on behalf of the Council will be banked as soon as practically possible and entered on a numbered paying in slip.
- 8.6 The RFO will promptly complete any VAT claims that is required, at least quarterly.

9. Loan and Investments

- 9.1 All loans and any investments will be negotiated in the name of the Council and will be for a set period in accordance with Council policy.
- 9.2 All borrowing will be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval will be approved by Council as to terms and purpose. The terms and conditions of borrowing will be reviewed as required.

10. Orders for work, Goods and Services.

- 10.1 An official numbered and logged purchase order will 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 will be recorded and retained by the RFO for audit purposes.

11.0 Contracts and Letters of Intent

- 11.1 Every contract will comply with these financial regulations, and no exceptions will be made other than in an emergency (as in 5.1.7.), provided that these regulations do not apply to contracts which relate to items (i) to (vi) below, unless in the case of awarding a new contract/agreement which should then be approved by the Council.
- (i) for the supply of gas, electricity, water and telephone services.
 - (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.
 - (iii) for additional work by the internal or external auditors in response to queries from any resident.
 - (iv) 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.
 - (v) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council.
 - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

12. Contract for the Council to carry out works and services for outside bodies.

- 12.1 If the Council receives a request to carry out work from an outside body or organisation, following discussion and negotiation a written specification of work required will be provided by the customer and presented to the Clerk and relevant Lead Member for the agreement.
- 12.2 The RFO with the Lead member will assess the work as specified and they will produce a costed estimate which will be sent to the customer.
- 12.3 If the terms are agreed, a written contract for the work will be signed by both parties.
- 12.4 If any changes become necessary during the work, further agreements will be confirmed between the two parties, either by letter or email.
- 12.5 When the work is completed to the satisfaction of the customer an invoice will be presented to the customer and paid in the usual manner.
- 12.6 In the case of works that are on-going invoices will be presented and settled on a monthly basis.
- 12.7 An accurate record will be kept of any incidental activities required and carried out in association of these contracts.
- 12.8 All works carried out under these conditions will be subject to an on-cost to cover expenses incurred by the Council in carrying out the work. This will be negotiated at the time the contract is drawn up.
- 12.9 All communications in these matters will be in a secure manner sent by email and/or confirmed in writing directly between the customer and Parish Council Office.

13. Insurance

- 13.1 Following the annual risk assessment as above, the RFO will effect all insurances and negotiate all claims on behalf of the Council.
- 13.2 The RFO will assess all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 13.3 The RFO will keep a record of all insurances effected by the Council and the property and risks covered thereby and review it annually.
- 13.4 The RFO will be notified of any loss, liability or damage or of any event likely to lead to claim and will report these to Council at the next available meeting. Members also have the responsibility to report any such matters to the RFO as they become aware of them.
- 13.5 All members, employees and contractors of the Council will be included in a suitable guarantee insurance which will cover the maximum risk exposure as determined by the Council.

14. Revision of Financial Regulations

- 14.1 It is the duty of the Council to review the Financial Regulations of the Council. This will take place at the Annual Statutory Meeting each May.
- 9.2 The RFO will make arrangements to monitor changes in legislation or proper practices and will advise the Council of any required for a subsequent amendment to the Financial Regulations.