



**ECCLESFIELD
PARISH COUNCIL**

Serving the Community since 1894

**ECCLESFIELD
PARISH COUNCIL
FINANCIAL
REGULATIONS
(September 2022)**

FINANCIAL REGULATIONS

1. General

- 1.1 These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of Ecclesfield Parish Council ('the Council').
 - 1.2 Financial regulations are one of the 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.
 - 1.3 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 financial control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.
 - 1.4 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
 - that prevent and detect inaccuracy and fraud; and
 - identifying the duties of officers.
 - 1.5 These Financial Regulations are one of the main means by which the Council demonstrates how it meets these responsibilities and requirements.
 - 1.6 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.
 - 1.7 Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary and criminal proceedings.
 - 1.8 Members of the 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.
 - 1.9 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).
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- 1.10 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 ensure economy, efficiency and effectiveness in the use of its resources; and
 - Produces financial management information as required by the Council.
- 1.11 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.
- 1.12 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.
- 1.13 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.
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- 1.14 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;
 - approve any expenditure in relation to earmarked reserves;
 - 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.
- 1.15 In addition, the Council must:
- determine and keep under regular review the bank mandate for all Council bank accounts;
 - approve any grant or gift in excess of £351;
 - approve any expenditure in excess of £100; and
 - in respect of the annual salary for any employee have regard to recommendations about the annual salaries of employees made by the Staffing (and any other relevant committee) in accordance with its terms of reference.
- 1.16 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.

2. Annual Estimates

- 2.1 Each Committee will aim to formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of January each year.
- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the Clerk/RFO.
- 2.3 The Council shall review the estimate not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The Clerk/RFO shall supply each member with a copy of the approved estimates.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall have regard to a three year forecast of Revenue and Capital Receipts and Payments (Financial Strategy) which shall be prepared at the same time as the annual Budget or Estimates.
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3. Budgetary Control and Authority to Spend

3.1 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/RFO for any items below £100;
- the Clerk, in consultation with the Chairman of the Council and/or Chairman of the relevant Committee or Working Party for any items £100 or above and below £250.
- a duly delegated committee of the Council – in accordance with limits determined by the terms of reference for the committee and passed by resolution of the Council;
- the Council for all other items.

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

3.2 No expenditure may be incurred which will exceed the amount provided in the Parish Council budget.

3.3 The Clerk/RFO shall regularly provide the Council with a statement of receipts and payments to date under each budget heading, comparing actual expenditure against that planned.

3.4 The Clerk/RFO may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1,000. The Clerk/RFO shall report the action to the Council as soon as practicable thereafter.

3.5 No expenditure shall be incurred 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.

3.6 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

4. Accounting and Audit Inspection by Members

4.1 All accounting procedures and financial records shall be amended from time to time in accordance with the instructions received from the Council's External Auditors and the Audit Commission.

4.2 The Clerk/RFO shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.

- 4.3 The Clerk/RFO shall be responsible for completing the Accounts of the Council contained in the Annual Governance and Accountability Return AGAR (as supplied by the External Auditor appointed for submitting the AGAR) for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 1996, or set by the External Auditor.
- 4.4 The Clerk/RFO shall be responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 15 of the Accounts and Audit Regulations 2015.
- 4.5 Any officer or member of the Council shall, if the Clerk/RFO or Internal Auditor requires, make available such documents of the Council which appear to the Clerk/RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the Clerk/RFO or Internal Auditor with such information and explanation as the Clerk/RFO or Internal Auditor considers necessary for that purpose.
- 4.6 The Internal Auditor shall carry out the work required by the Clerk/RFO, or by the Council, with a view to the satisfactory completion of the Internal Auditor's Report section of the AGAR. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.7 The Council's Chairman and Chairman of the Finance and Premises Committee shall carry out an ongoing examination of financial transactions and records. They shall report to the Council's Finance Committee on a monthly basis on the results of their examinations.
- 4.8 The Clerk/RFO shall make arrangements for the opportunity for inspections of the accounts, books, and vouchers required by the Local Audit and Accountability Act 2014 (as amended).
- 4.9 The Clerk/RFO shall, as soon as practicable, bring to the attention of all councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

5. Banking Arrangements

- 5.1 The Council's banking arrangements shall be made by the Clerk/RFO and approved by the Council. They shall be regularly viewed for efficiency.
- 5.2 A schedule of the payments required, forming part of the agenda for the meeting shall be prepared by the Clerk/RFO and, together with the relevant invoices, be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled
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by the Chairman of the Meeting. If more appropriate the detail may be shown in the minutes of the meeting.

- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, shall be signed by two members of the Council. BACS or internet banking payments should also be authorised by two members signing the relevant schedule and invoice.
- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil or relevant schedule.
- 5.5 Authority to transfer monies between the Council's bank accounts for cash-flow purposes is delegated to the Clerk/RFO. Before exercising that authority, the Clerk/RFO will consult with the Chairman of the Council and the Chairman of the Finance and Premises Committee. The extent of this delegation extends only to the Council's bank accounts existing on 1 January 2021 and specifically excludes the transfer of monies to any external source whatsoever.

This regulation will be reviewed:-

- a) When the Council changes bank accounts;
- b) When the number or scope of the Council's bank accounts are altered;
- c) When the office holder of the position of Clerk/RFO changes; and
- d) From time to time as part of a general review of these Regulations.

Whenever money is transferred between bank accounts in accordance with this paragraph, the details will be reported to either the next meeting of the Council or the next meeting of the Finance and Premises Committee whichever occurs first.

- 5.6 Delegated powers given by the Full Council at their meeting on the 3 November 2011, be accepted by the Finance and Premises Committee to act upon financial and premises matters, when needed urgently.
 - 5.7 Delegated powers to be given to the Staffing Committee as approved by Full Council at their meeting on the 16 May 2019, to act upon urgent staffing matters i.e. appointment, induction, performance management, grievance and discipline.
 - 5.8 In respect of grants, the Finance and Premises may approve expenditure within any limits set by the Council and in accordance with any policy statement approved by the Council.
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6. Payment of Accounts

- 6.1 All payments shall be effected by cheque or other order or BACS/internet banking transfer drawn on the Council's bankers.
 - 6.2 If the Council uses internet banking the robust and effective internal controls implementing for the making of electronic payments must be assured.
 - 6.3 All invoices for payment shall be examined, verified and certified by the Clerk/RFO. The Clerk/RFO shall satisfy themselves that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
 - 6.4 The Clerk/RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk/RFO shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
 - 6.5 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled meeting of Council, where the Clerk/RFO certify that there is no dispute or other reason to delay payment, the Clerk/RFO may (notwithstanding para. 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
 - 6.6 If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) and any 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. The approval of the use of a variable direct debit shall be renewed by resolution of the Council at least every year.
 - 6.7 If thought appropriate by the Council, payment for certain items may be made by BACS, direct debit or bankers standing order 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. The approval of the use of BACS, direct debit or standing order shall be renewed by resolution of the Council at least every year.
 - 6.8 The Clerk/RFO may provide petty cash to officers to pay for operational and other expenses. Vouchers for payments made shall be forwarded to the Clerk/RFO with a claim for reimbursement:
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- a) The Clerk/RFO shall maintain an office cash float to pay for 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. Payments of Salaries

- 7.1 The Clerk/RFO shall maintain an Imprest Account for all payroll and petty cash payments.
- 7.2 The Clerk/RFO shall submit a list of all such payments for the signature of the Chair of Council on a monthly basis.
- 7.3 The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council.
- 7.4 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates.

8. Loans and Investments

- 8.1 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.
 - 8.2 The Council's Financial Strategy shall be in accordance with the Trustee Act 2000 and shall be reviewed on a regular basis (at least annually).
 - 8.3 All investments of money under the control of the Council shall be in the name of the Council.
 - 8.4 All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose.
 - 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk/RFO.
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9. Income

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Clerk/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, notified to the Clerk/RFO and the Clerk/RFO shall be responsible for the collection or all accounts due to the Council.
- 9.3 The Council will review all fees and charges annually, following a report of the Clerk/RFO.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5 All sums received on behalf of the Council shall be banked intact as directed by the Clerk/RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Clerk/RFO considers necessary.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The Clerk/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 on a quarterly basis – the last claim coinciding with the financial year end.
- 9.9 Where any significant sums of cash are regularly received by the Council, the Clerk/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.

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 An order shall be controlled by the Clerk/RFO or in their absence the Administrator. Orders are checked against the delivery note and invoice and any anomalies are dealt with by the Clerk/RFO.
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- 10.3 All members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order is to 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 (l) below.
- 10.4 The Clerk/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 Clerk/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.

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 these regulations shall not apply to contracts which relate to items (i) to (vi) below:

- (i) for the supply of gas, electricity, water, sewerage 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 up to an estimated value of £500 (in excess of this sum the Clerk/RFO shall act after consultation with the Chairman and Vice Chairman of Council);
- (vi) for goods and 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 Regulations¹.

(c) The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply

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.

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)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/RFO 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/RFO in the ordinary course of post. 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.

(e) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk/RFO in the presence of at least one member of the Council.

(f) Any invitation to tender issued under this regulation shall contain a statement to the effect of current Standing Orders.

(g) When it is to enter into a contract less than **£25,000** in value for the supply of goods, materials works or specialist services as are excepted as set out in paragraph (a) the Clerk/RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below **£2,500** and above £500 the Clerk/RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.

(h) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

(i) **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**

12. Payments under Contracts for Building or other Construction Works

² Thresholds currently applicable are:

- a. For public supply and public service contracts £213,477.
- b. For public works contracts £5,336,937

- 12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the Clerk/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 Clerk/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/RFO to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

13. Store Equipment

- 13.1 The officer in charge of storing equipment shall be responsible for the care and custody of equipment in that section.
- 13.2 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.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4 The Admin Officer shall be responsible for periodic checks of stocks and stores at least annually.

14. Properties and Estates

- 14.1 The Clerk/RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk/RFO shall ensure a record is maintained of all properties owned 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 the Accounts and Audit Regulations 2015.
- 14.2 No property shall be 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 £100.

15. Insurance

- 15.1 Following an annual risk assessment, the Clerk/RFO shall effect all insurances and negotiate all claims on the Council's insurers (in consultation with the Council).
- 15.2 The Clerk/RFO shall give prompt notification to the Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 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.
- 15.4 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.
- 15.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance, which shall cover the maximum risk exposure as determined by the Council.

16. Charities

- 16.1 Where the Council is sole trustee of a Charitable body, the Clerk/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/RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

17. Risk Management

- 17.1 The Clerk/RFO shall prepare and promote risk management in respect of all activities of the Council.
- 17.2 When considering any new activity the Clerk/RFO shall prepare a draft Financial Risk Assessment for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Assessment issues that arise to Council for consideration and, if thought appropriate, adoption.

18. Revision of Financial Regulations

- 18.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time.
 - 18.2 The Council may, by resolution of the Council and duly notified prior to the relevant meeting of Council, suspend any part of these Financial
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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.

18.3 Values within these Financial Regulations are to be set by the Council when adopting or amending the Financial Regulations (other than the EU Procurement thresholds as adopted by the Office of Government Commerce shown in Regulation 11.2 – Contracts and Procurement).

19. The Accounts & Audit Regulations 2003 and the Accounts & Audit (Amendment) (England) Regulations 2006 (as Amended)

These are deemed to be an integral part of the Council's Financial Regulations. All rules and procedures in these regulations (as amended) shall be followed by the Council.

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Approved by Council XXXX

Review Date September 2023

