



## **DODDINGHURST PARISH COUNCIL**

### **FINANCIAL REGULATIONS**

**APPROVED BY COUNCIL 8<sup>TH</sup> JUNE 2023**

#### **History**

These Financial Regulations have been updated in the light of the most recent legislation - The "Local Audit and Accountability Act 2014" and the "Accounts and Audit regulations 2015". In addition it takes note of the most recent practitioners' guide (JPAG), Governance and Accountability for Local Councils issued in March 2019 and the NALC 2016 Model Financial Regulations. These regulations are supported by a compliance paper, originally written in response to a now defunct Appendix 11 of the 2014 JPAG document on safeguarding public funds, but has been retained as part of the Parish Council Financial Regulations as it clarifies the details of how Doddinghurst's regulations operate in practice.

#### **1. GENERAL**

- 1.1 These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. The 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 and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the council meets these responsibilities.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the council. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the council are maintained and kept up to date in accordance with proper practices.
- 1.3 The RFO shall produce financial management information as detailed in these regulations. The Council have approved the use of Sage 50 Instant Accounts (or a later version) for the RFO to record and report on financial matters to the Council.
- 1.4 At least once a year, prior to approving the annual return, the council shall conduct a review of the effectiveness of its system of internal control.
- 1.5 The "statement of compliance" - see Annex A is to be read as an integral part of the Financial Regulations.

#### **2. ANNUAL ESTIMATES (BUDGETS)**

- 2.2 Estimates of annual receipts and payments, shall be prepared each year by the RFO in the form of a forecast to be considered by the finance and resource committee using at least 3 years of historical data to support the data presented.

- 2.1 The Finance and Resource committee shall formulate and submit proposals to the Council in respect of annual income and current and capital expenditure, including the use of reserves and other sources of funding, for the next financial year not later than the end of November each year.
- 2.4 The Finance and Resource Committee shall have regard to an agreed forward forecast of Revenue, Capital Receipts and Capital Payments which shall be prepared at the same time as the annual precept forecast requirement as this may influence the precept requirements of the council.
- 2.3 The Council shall review the proposals and forecasts no later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority immediately following its January meeting and must be before the end of January.
- 2.5 The annual forecast shall form the basis of financial control for the ensuing year.

### **3 FINANCIAL CONTROL**

- 3.1 Expenditure on items may be incurred up to the amounts included for that class of expenditure in the approved forecast.
- 3.2 During the financial year unspent and available amounts may be spent on unplanned items, or to an earmarked reserve as appropriate, as approved by the Council.
- 3.3 The Council shall review copies of the reconciled Bank Statements, provided by the RFO, for all bank accounts, every six months.
- 3.4 The RFO shall provide Full Council meetings with a statement of receipts and payments under each category of the forecast, and sixth monthly, compare actual expenditure to that expected in the forecast.
- 3.5 The Clerk 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 provision for the expenditure, subject to a limit of £1500. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.6 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.
- 3.7 All Contracts for capital works shall be administered in accordance with the Council's standing orders and these financial regulations.

### **4. ACCOUNTING AND AUDIT**

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO with reference to the current Accounting and Audit Regulations.
- 4.3 The RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time.) and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations. The RFO will ensure that the public notices of audit, the financial statements and the outcome of the audit are published in the required timescales.
- 4.4 The RFO shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with

proper practices. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.

- 4.5 The Internal Auditor shall be appointed by, and shall carry out the work required by, the council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing with a minimum of one annual report in respect of each financial year. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the council.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and Statements of Account required by the Local Audit and Accountability Act 2014 using the Parish Council website and public notice boards.
- 4.7 The 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 AND CHEQUES**

- 5.1 The Council's banking arrangements, including Bank Mandates, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of payments for the month, and forming part of the Agenda for full council meetings, shall be prepared by the RFO and presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council.
- 5.3 Cheques, bank payment orders (BAC's transfers), and credit card transactions drawn on a Council bank account shall be signed by at least two cheque signatories as approved by the full Council.
- 5.4 All bank signatories shall be reconfirmed in council minutes, by name and relevant account, by full council annually.

## **6 PAYMENT OF ACCOUNTS**

- 6.1 Payments may be effected by either cash, cheque, bank transfer or direct debit drawn on the Council's bankers. Any corporate credit card opened by the Council will be specifically restricted to use by the Clerk and Deputy Clerk and shall be subject to automatic payment in full at each month end. Staff will not be required by the Council to use their own personal cards but if they need to they will be reimbursed.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy himself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved. All invoices, other than for small petty cash items, should be addressed to Doddinghurst Parish Council and be VAT invoices.
- 6.3 The RFO shall check invoices in relation to arithmetic accuracy and shall assign them to the appropriate expenditure classification. The Clerk shall endeavour to settle all valid invoices at, or before, the next available Council Meeting.

- 6.4 The RFO may supply petty cash to officers or members in settlement of supplier receipts/ payment vouchers submitted for operational or other expenses under £50.
- a) The RFO shall maintain nominal a petty cash float of £50 for the purpose of defraying operational and other expenses. Records of payments made from petty cash shall be kept to substantiate the payments.
- b) A statement of petty cash expenditure shall be presented at each full council meeting (see 5.2 above).
- 6.5 Payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions to establish the Direct Debit are signed by two members with cheque signing authority and payments are reported to council.

## **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 salaries shall be as agreed by Council.
- 7.2 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 stipulated in employment contracts, provided that each payment is reported on and ratified by the next available Council Meeting.
- 7.3 The RFO shall prepare and return the Councils Annual Tax and National Insurance Contributions statements and issue P60's to staff at the end of the financial year. The Parish Council uses HMRC's Real Time payment software tools.

## **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. Any cash savings will be in the name of the Council and not in the name of any individual.
- 8.4 All borrowings shall be effected in the name of the Council and borrowing approval shall be obtained from the Council in advance. Moreover, the terms and conditions and purpose of any borrowing shall also be approved by Council.
- 8.5 The amounts outstanding on any borrowing will be reviewed annually.
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## **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, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
- 9.3 The Council, or its appointed committees, will review all fees and charges annually, following a report of the 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 cheques 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.
- 9.6 All cash received shall be recorded in the councils "petty cash" sage account and all receipts for cash will be marked as "Petty Cash" and filed as "Incoming Funds". This money is automatically reconciled and reported on the systems Balance Sheet at full council meetings. Cash amounts retained in the office will not exceed £50 under normal circumstances and surplus amounts will be retained for safe keeping by the RFO until an opportunity for banking cash arises, and also when funds are transferred from the Sage system Petty Cash account to its Barclays current account, reflecting the money deposited in the council's current account.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The RFO shall complete VAT repayment claims due in accordance with VAT Act 1994 section 33 shall be made at least quarterly, coinciding with the financial year end.

## **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.
- 10.3 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 quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 (i) below.
- 10.4 The Clerk shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases the Clerk shall ensure that the statutory authority is reported to the meeting at which the order is approved so that the Minutes can record the power being used.
- 10.5 Other than for emergencies (see 3.5), no orders over £200 shall be issued unless the work has been approved by full council or by a committee empowered by full council to place such an order.

## **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 and telephone services;
  - (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
  - (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
  - (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;

- (v) for additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman of the Council);
  - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (b) Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations<sup>1</sup>.
  - (c) The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)<sup>2</sup>.
  - (d) Where it is intended to enter into a contract exceeding £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list (but see 11(b) above).
  - (e) 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.
  - (f) Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. 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.
  - (g) 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.
  - (h) If less than three tenders are received for contracts above £25,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
  - (h) Any invitation to tender issued under this regulation shall contain a requirement for the tenderer to state if they are related in any way to any Council member or of anyone who is holder of any office of the Parish Council and refer to the Bribery Act 2010.
  - (i) When it is to enter into a contract less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £10,000 and above £2000 the Clerk or RFO shall strive to obtain 3 estimates. *De minimis* arrangements apply

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<sup>1</sup> The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

<sup>2</sup> Thresholds currently applicable are:

- a. For public supply and public service contracts 209,000 Euros (£164,176)
- b. For public works contracts 5,225,000 Euros (£4,104,394)

to purchases, net of VAT, under £200. Otherwise, Regulation 10 (3) above shall apply. Contracts shall not be disaggregated to avoid the controls imposed by these regulations.

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

## **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, the Council being informed where the final cost is likely to exceed the financial provision.]

## **13 STORES AND EQUIPMENT**

13.1 Any officer with assigned duties shall be responsible for the care and custody of any stores and equipment covered by that duty.

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 RFO shall be responsible for annual checks of any stock and stores.

## **14 ASSETS, PROPERTIES AND ESTATES**

14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The 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 Accounts and Audit Regulations.

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.

14.3 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The Register will be updated annually in accordance with accounting practice.

## **15 INSURANCE**

- 15.1 In consultation with the Clerk, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.3 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.
- 15.4 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 RISK MANAGEMENT**

- 16.1 The council is responsible for putting in place arrangements for the management of risk. The Clerk with the RFO 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.
- 16.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

## **17 REVISION OF FINANCIAL REGULATIONS**

- 17.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The RFO 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.

## Annex A

### **Statement of Compliance**

#### **1. Safeguarding public money.**

The Parish Council is compliant with the regulatory framework with the following clarifications:

1.1 The Parish Council has established and authorised a Finance and Resource committee to regularly review, inter alia, the safeguarding arrangements for the protection of public funds. They do this by:

- a. Having oversight of the audit process and consider in detail the confirmations required in its annual governance statement.
- b. Ensuring that two Full Council authorised bank signatories approve all payments requiring either a *Cheque or Approval for a Bank Transfer*. It should be noted that two approved signatories on any cheque is also required by the Parish Council's banks to validate the cheque.
- c. Where provided, online access to bank accounts is by secure means, as administered and directed by the Council's banks and in line with the Banking Code.



- d. All expenditure (to suppliers or others by bank payment and by petty cash) is seen by full council and a publicised schedule of payments is approved and signed off at full council meetings with a record being retained with the formal minutes.
- e. Cash receipts are logged as incoming “correspondence” and reported to the Parish Council monthly. Cash is also logged onto the Sage financial system as “Petty Cash” and banked periodically by the RFO by BAC’s transfer. Only a small cash “float” is retained locally and that is in a secure location.
- f. A personnel Fidelity Guarantee insurance is included in the annual Parish Council Insurance cover.
- g. Bank Statements are available for inspection by members of the Parish Council at all office hours and a monthly bank reconciliation is carried out.

1.2 Approval for a “sweep” arrangement whereby the Bank appointed by the Council periodically aggregates the councils various balances via automatic transfers is hereby confirmed. This applies between the Parish Council’s Barclays Community account and its Barclays Savings account.

1.3 Bank Mandates for the establishment of: Doddinghurst Parish Council’s Barclays Community A/C, Barclays Savings A/C and Santander Business Savings A/C have been approved by the Full Council and in accordance with the Banking Code of Practice for which proof of identity and addresses of individuals concerned have to be submitted.

1.4 The council has authorised signatories for Doddinghurst Parish Council Bank accounts at 1.3 above drawn from members and officers. Each signatory has equal signing rights as far as the bank is concerned with no upper signing limit provided the work has been given prior appropriate approval by an appointed committee, which have their own financial authority limits. Rotation of signatories is not practised in order to retain expertise, and normally only changed on a Councillor’s retirement from office. For details of the signatories see the *Financial Regulations Supplement - Cheque Signatories*, which details the individuals who are currently authorised.

1.5 The Parish Council has appointed a separate Responsible Financial Officer to the Clerk. The RFO is CiLCA qualified.

1.6. The Parish Council uses a “Sage” Business Accounting system for managing its finances which is used to produce, inter alia, a Balance Sheet statement and a Revenue and Receipts statement for Council meetings.

1.7 The end of year external audit requires a full bank reconciliation as well as matching its income and expenditure to bank balance, an asset records statement, a public works loan statement and an explanation of audit reporting line variations of 15% or more

1.8 The Parish Council appoints an independent Internal Auditor to review its operations on an annual basis.

1.9. The Finance and Resource committee annually review the Council’s Security arrangements, Insurance, Financial Governance and Risk factors with Councillors conducting an annual Risk Assessment survey of the Council’s property and land assets, including public seating, footpaths, trees burial, ground, allotments and play areas.

## **2. Roles and responsibilities of members**

2.1 An internal audit is carried out annually.

2.2 The Council’s Finance and Resource Committee has the following objectives in its constitution:

- Review budgets and other submissions prior to recommending a precept for acceptance by full Council.
- Act to ensure that the funds of the Council are at all times properly accounted for and managed and provide governance oversight of financial affairs and council performance including an annual review of standing orders, financial regulations, banking and bank signatory arrangements and all controls.

- To ensure that up to date job descriptions and employment contracts are in place. Also to maintain and overview of pension arrangements, annual leave and the correct level of contracted hours of officers is maintained. To ensure that annual reviews and salary reviews are carried out at all levels.
- To ensure councillor and officer training and skills are maintained.
- To review risk assessments, insurance arrangement including fidelity cover and fixed assets register.
- To compile and progress grant applications.
- To review PAYE and VAT process
- To review and confirm lawful activity of the council through certainty of use and identity of powers.

The members of this committee are re-appointed annually at the Annual Parish Council Meeting in May.

### **3. Corporate controls to manage risk, error and fraud**

3.1 A monthly bank reconciliation is carried out and the Council receive a *Sage* system produced report titled "*Balance Sheet*" containing the status of the bank accounts, including a Petty Cash account. A full bank reconciliation is produced for the annual audit and the audit return is, of itself, also a bank reconciliation in that it has to balance money held as cash in the bank against the balances carried forward, plus revenue and less receipted expenditure.

3.2 Funds are automatically swept from the Barclays Current account to the Barclays Savings account and vice versa to maintain a balance of £300 in the current account. All the automatic transfers are recorded and retained on Bank Statements.

3.3 An annual internal audit is held and the format/ reporting requirements for the internal audit is set by the external auditor, as appointed by the Government. Doddinghurst Parish Council continues to receive paper bank statements from Barclays and Santander and these are available for inspection during office hours.

### **End of Financial Regulations**

**These Financial Regulations were approved at the Doddinghurst Parish Council meeting of the 9th June 2022**

(Amendments made to Clauses 5.3 & 6.1)

*Caroline Fuller*  
 Clerk & RFO  
 Doddinghurst Parish Council