

**TREGONY WITH CUBY PARISH COUNCIL**  
**FINANCIAL REGULATIONS**  
**April 2021**

**1. GENERAL**

- a) 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.
- b) 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.
- c) 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.
- d) These financial regulations demonstrate how the council meets these responsibilities and requirements.
- e) 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.
- f) Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.
- g) 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.
- h) 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.
- i) 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;
  - ensures the accounting control systems are observed;
  - maintains the accounting records of the council up to date in accordance with proper practices;
  - produces financial management information as required by the council.
- j) The accounting records 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, and management information prepared for the council from time to time comply with the Accounts and Audit Regulations. The accounting records 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.
- k) 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.
- l) 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, shall be a matter for the full council only.
- m) In addition, the council must determine and keep under regular review the bank mandate for all council bank accounts.

## **2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)**

- a) On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman or a cheque signatory 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.
- b) The RFO shall complete the annual statement of accounts, annual report, 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.
- c) 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.
- d) 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.
- e) 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
  - has no involvement in the financial decision making, management or control of the council
- f) 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.
- g) 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.
- h) The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

### **3. ANNUAL BUDGET AND PRECEPT**

- a) The RFO must each year, by no later than the November meeting of the council, prepare detailed estimates of all receipts and payments in the form of a budget to be considered by the council. These should include revenue items and potential capital items.
- b) The RFO must at the same time prepare estimates of the reserves that will be available to the council at the start of the following financial year, both allocated reserves and unallocated reserves, and make recommendations about how those reserves might be used in respect of forecast expenditure, or alternatively that money should be directed into those reserves.
- c) The council shall consider the annual budget proposals in relation to potential longer term issues including recommendations for the use of reserves and sources of funding and update the forecast accordingly.
- d) The council shall agree the budget and fix the requisite precept (council tax requirement) for the ensuing financial year preferably at the December meeting, but in all cases not later than 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.
- e) The approved annual budget shall form the basis of financial control for the ensuing year.

### **4. BUDGETARY CONTROL AND AUTHORITY TO SPEND**

- a) Expenditure on revenue items may be authorised during the financial year up to the total amount included for that class of expenditure in the approved budget. The authority is determined as follows:
- The council should authorise at the start of each financial year those items that will arise on a regular basis as a result of a contract, statutory duty, obligation such as salaries, PAYE, national insurance, regular maintenance contracts, utilities etc.
  - The RFO, in consultation with the chairman, may authorise other expenditure during the year up to the value of £250 for any one item of expenditure.
  - In cases of extreme risk to council services or assets, the RFO, in consultation with the chairman, may authorise revenue expenditure where it is necessary to carry out emergency work such as repair, replacement or other works up the value of £500.
  - In all other cases, the council must authorise expenditure on items above £250.
- b) Where expenditure would exceed the amount provided in the revenue budget for that class of expenditure, that expenditure must be agreed by a resolution of the council.
- c) Any expenditure on making grants to other organisations or individuals shall be authorised by the council.

- d) During the financial year, the council may, by resolution, vary the amounts available under particular budget headings by moving monies from other budget headings (virement) or by movements into or out of reserves.
- e) All expenditure on capital items shall be agreed by resolution of the council and the source of funding for that expenditure identified whether it be by movement of monies out of reserves or from grant monies or other income.
- f) The RFO shall provide regular reports to the council with a statement of income and expenditure to date under each head of the budget, comparing actual expenditure to date against that planned in the budget. The reports should include balances in accounts and any impact on reserves. These statements should be prepared at the end of each quarter during the financial year and included in the next council agenda.

## **5. ORDERS FOR WORK, GOODS AND SERVICES**

- a) A councillor may not issue an order or make a contract on behalf of the council.
- b) When placing an order for goods or services, the RFO shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction.
- c) Where there is a choice of supplier for certain goods or services, the council should obtain estimates, quotations or tenders whenever practicable before placing an order in accordance with the provisions of the following paragraphs.
- d) Where the council intends to procure or award a contract which is valued at £25,000 or more, the council will comply with the Public Contracts Regulations 2015:
  - An invitation to tender shall state the general nature of the intended contract and the RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall state that tenders must be addressed to the RFO in the ordinary course of post. Each tendering firm shall be supplied with a marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders.
  - All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of at least one member of the council.
  - If an application is to be made to waive financial regulations relating to this process to enable a price to be negotiated without competition, the reason shall be included in a resolution of the council.
- e) Where the value of the proposed contract is more than £5,000 but less than £25,000, the RFO shall endeavour to obtain three quotations (priced descriptions of the proposed supply). If it is not possible to obtain three quotations, the reason shall be documented.
- f) Where the value of the proposed contract is more than £1,000 but less than £5,000, the RFO shall endeavour to obtain three estimates. If it is not possible to obtain three quotations, the reason shall be documented.
- g) Orders for goods or services from the same supplier to meet a single requirement shall not be disaggregated into a series of separate orders in order to meet the above criteria.
- h) The council shall not be obliged to accept the lowest or any tender or quotation or estimate but the reason for not accepting the lowest shall be documented.
- i) For the supply of utilities such as electricity, gas, water, sewage and telephone services, the RFO should research the potential suppliers and their tariffs and the preferred supplier should be agreed by the council. The council should review the suppliers and their tariffs at least every two years.
- j) For specialist services such as those provided by legal professionals and auditors, the RFO should research the potential suppliers and provide the necessary information for the council to decide before entering into an arrangement with the relevant firm.
- k) For insurance contracts, the council should review its contract and its prices at least every two years.

- l) For works to be executed or goods or materials supplied which consist of repairs to or parts for existing machinery or equipment, the order can be placed in accordance with financial regulation 5 b).
- m) For works to be executed or goods or materials supplied which constitute an extension to an existing contract, the order can be placed in accordance with financial regulation 5 b).
- n) For minor maintenance matters that are not covered by existing contracts, estimates should be obtained in advance of placing the order where practicable, but otherwise in accordance with financial regulation 5 b).
- o) For goods or materials that need to be purchased that are proprietary articles and/or only sold at a fixed price, the order can be placed in accordance with financial regulation 5b).
- p) For goods or services that are miscellaneous consumable items such as office sundries, for hire of halls, membership of organisations, the order can be placed in accordance with financial regulation 5 b).

## **6. AUTHORISATION OF PAYMENTS**

- a) 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 or carried out and represents expenditure previously approved by the RFO or council. The RFO shall check each invoice for accuracy and shall allocate the expenditure to the appropriate expenditure heading.
- b) The RFO shall be authorised to pay those invoices that are in accordance with the expenditure previously authorised under the provisions of financial regulation 4.
- c) The RFO shall prepare a schedule of payments that have been authorised to form a part of the agenda for each council meeting. The schedule will include the supplier name, amount of each invoice, the budget heading under which the expenditure has been agreed, and how payment was made, or is to be made. The council will confirm that it has noted the payments made and that it is satisfied that they are in accordance with the financial regulations.

## **7. INSTRUCTIONS FOR THE MAKING OF PAYMENTS**

- a) The council's banking arrangements, including bank mandate, shall be agreed by resolution of the council.
- b) Following authorisation under financial regulation 6, the RFO shall give instructions that a payment should be made.
- c) The preferred method of payment of invoices should be by electronic methods. In all cases, whether payment is made by BACS, CHAPS or internet banking, suitable systems should be set up to ensure that payment are approved by designated members as appropriate. Those members participating in verifying internet banking payments must ensure that any login details, passwords, PINs etc. are kept safe and secure and must ensure that their computers are kept up to date with anti-virus, anti-spyware and firewall software. Any suspected breaches of their systems must be reported promptly to the council and remedial action taken to avoid data or financial losses for the council.
- d) If agreed by the council, payment for utility supplies such as 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 authorised members and any payments made are reported to the council on the usual schedule of payments. The approval of a variable direct debit mandate shall be renewed by the council each year.
- e) If agreed by the council, payment for certain items such as salaries may be made by banker's standing order provided that the instructions are signed by two authorised members and any payments made are reported to the council on the usual schedule of payments.
- f) 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 details must be recorded securely by the RFO.

- g) Where electronic payments are not possible, payments may be effected by cheque. Cheques shall be drawn on the bank account and shall be signed by two members of the council duly authorised in accordance with the bank account mandate. The cheques may be signed at, or prior to, the council meeting.
- h) The council will not maintain any form of cash float. All cash received must be banked. Any payments made in cash by the RFO or others shall be refunded on a regular basis by the council.

## **8. ASSETS, PROPERTIES AND ESTATES**

- a) The RFO shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the council. A record shall be 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.
- b) 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 moveable property does not exceed £250.
- c) 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).
- d) No real property (interests in land) shall be purchased or acquired without the authority of the full council. 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).
- e) 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 at least annually, possibly in conjunction with a health and safety inspection of assets.

## **9. INSURANCE**

- a) The RFO shall ensure that the council has in place at all times an appropriate insurance contract. The RFO shall keep a record of all insurances and the property and risks covered thereby.
- b) The RFO shall be notified of any loss, liability or damage or event likely to lead to a claim and shall report these to the council at the next meeting.
- c) 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 each year by the council.

## **10. RISK MANAGEMENT**

- a) 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 each year.
- b) When considering any new activity, the clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

## **11. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

- a) It is 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.
- b) The council may, by resolution of the council duly notified prior to the relevant meeting of council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of council.