



BISHOPSTOKE PARISH COUNCIL

FINANCIAL REGULATIONS

**These Financial Regulations were adopted
by the Parish Council at its meeting on**

12th March 2024

**D Wheal
Clerk to Bishopstoke Parish Council**

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Amendment Sheet (from previous version)

Amendment No.	Date Incorporated	Subject
1 (para 2.2)	Adopted 12/03/2024	Changes to bank reconciliation signing
2 (para 4.1)	Adopted 12/03/2024	Additional control when a budget heading is approaching its limit
3 (para 4.2)	Adopted 12/03/2024	Change “Council” to “Finance Committee”
4 (para 5.2)	Adopted 12/03/2024	Approval for payments usually occurs after payments Change “Council” to “Finance Committee”
5 (para 6.4)	Adopted 12/03/2024	Amend to “approved if necessary” following change to 5.2
6 (para 6.5)	Adopted 12/03/2024	Add Parish debit card for regular payments

FINANCIAL REGULATIONS

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.
- 1.2** The Council is responsible in law for ensuring that its financial management is adequate and effective and that there is 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.
- 1.3** 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 inaccuracies and fraud and identifying the duties of employees and councillors.
- 1.4** 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.
- 1.5** A breach of these regulations by an employee is gross misconduct, and a councillor failing to follow instructions within these regulations brings the office of the Councillor into disrepute.
- 1.6** The Responsible Finance Officer (RFO) is a statutory officer and is appointed by the Council. The RFO, acting under the policy direction of the Council and Proper Officer, if the latter is a separate appointee, within the terms of the RFO's job description, 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.
- 1.7** The RFO shall produce financial management information as required by the Council.
- 1.8** All financial information prepared shall comply with the Accounts and Audit Regulations (England) 2015.
- 1.9** Within these regulations, the Council is not empowered to delegate specific decisions. In particular, any decision regarding setting the budget, approving accounting statements, approving the annual governance statement, borrowing, writing off bad debts, declaring eligibility for the general power of competence or addressing recommendations in any report from the internal or external auditor.
- 1.10** The Council must keep the bank mandate under regular review.

2 Accounting and Audit (Internal and External)

- 2.1** All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 2.2** At each meeting of the Finance Committee, a member of the Committee shall verify the bank reconciliation statements and sign the reconciliations and bank statements as evidence of verification. At the end of the financial year the signed reconciliation will be included with the audit paperwork to be signed by the Chair of the Parish Council.
- 2.3** The RFO shall complete the annual statements of account, annual report and any related documents as soon as practicable after the end of the financial year.
- 2.4** The Council shall ensure there is an effective system of internal audit of its accounting records and of the system of internal control in accordance with proper practices. Councillors and employees shall make available such documents and records which appear to the Council to be necessary for the purpose of the audit and shall provide such explanations as might be necessary.
- 2.5** The internal auditor shall be competent and independent of the financial operations of the Council. They shall report in writing and be free of any perceived conflicts of interest and have no involvement in the financial decision making, management or control of the Council.
- 2.6** Internal and external auditors may not perform any operational duties for the Council, or initiate or approve accounting transactions or direct the activities of any employee, except to the extent such employees have been assigned to assist the internal auditor.

3 Annual Estimates (Budget) and Forward Planning

- 3.1** Detailed estimates of all payments and receipts including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Council.
- 3.2** The Council shall review the budget not later than the end of December each year and in January shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the Precept to the billing authority and shall supply each member with a copy of the approved budget.
- 3.3** The approved annual budget shall form the basis of financial control for the ensuing year.
- 3.4** The Council shall consider the need for appropriate longer-term financial forecasts and objectives, having regard to planned projects and expenditure.
- 3.5** The Finance Committee shall produce a three year forecast of revenue and capital receipts and payments which shall form the basis upon which budget proposals for the following year shall be made.

4 Budgetary Control

- 4.1** No expenditure may be incurred that will exceed the amount provided in the revenue budget plus £500 for that class of expenditure except that during the budget year, and with the approval of either the Finance Committee or Council having considered fully the implications for public services, unspent budget headings and available sums from reserves may be vired to other budget headings or to an earmarked reserve, as appropriate. The RFO will inform the Finance Committee or Council when a budget heading is nearing its limit and likely to breach it before the end of the financial year.
- 4.2** The RFO shall provide the Finance Committee with a statement of payments and receipts to date under each budget head, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements will normally be prepared monthly but must be prepared at least at the end of each financial quarter.
- 4.3** The Clerk, or in their absence the Acting Clerk, may incur expenditure on behalf of the Council that is necessary to carry out any repair, replacement or other work that 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 £5,000, or £10,000 in consultation with the Chair, per emergency. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 4.4** Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the Council.
- 4.5** 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.
- 4.6** All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 4.7** Committees will have authority to approve spending from existing budget heads that are within their delegated responsibilities as set out in their Terms of Reference.
- 4.8** Working Groups have no power to approve spending. However, where there are existing budget heads that are within their delegated responsibilities as set out in their Terms of Reference, the Clerk, or other appointed Officer, will have delegated authority to approve spending from those budget heads.

5 Banking arrangements

- 5.1** The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be reviewed annually for efficiency.
- 5.2** A schedule of the payments made since the previous schedule, and any payments required to be authorised, shall be prepared by the RFO and be presented to every meeting of the Finance Committee. If the schedule is in order it shall be authorised by a resolution of the Finance Committee and shall be initialled by the Chair of the meeting. A copy of the schedule will be attached to and form a part of the Minutes of the meeting.

- 5.3** Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 of this Appendix (above) shall be signed by two authorised signatories, one of whom is to be a Councillor and the other an Officer.
- 5.4** To indicate agreement of the details shown on the cheque with the counterfoil and any supporting documentation, the signatories shall each also initial the cheque counterfoil.
- 5.5** The RFO may effect transfers of funds between accounts up to a maximum of £40,000. The Chair, or other appointed Councillor, should be notified of the transfer. Transfers above this amount require joint authorisation by the RFO and the Chair or other appointed Councillor.

6 Payment of accounts

- 6.1** All payments shall be effected by BACS, CHAPS, internet banking transfer, debit cards, cheque, direct debit or other order drawn on the Council's bankers.
- 6.2** The Council will employ safe and efficient arrangements for making payments.
- 6.3** Following authorisation under section 5 of this Appendix (above), the Council, or Finance Committee or, if so delegated, the Clerk or RFO, shall give instruction that a payment shall be made.
- 6.4** All payments shall be approved if necessary, and noted, by a resolution of Council or the Finance Committee.
- 6.5** If thought appropriate by the Council, payment for utility supplies (energy, telephone and water), national non-domestic rates and subscription / affiliation fees, or any other regular payment, may be made by variable Direct Debit or Parish debit card provided that the instructions are signed by a Council Officer and authorised by Council. The approval of the use of a variable Direct Debit or Parish debit card shall be renewed by resolution of the Council at least every two years.
- 6.6** If thought appropriate by the Council, payment for certain items may be made by Banker's Standing Order provided the instructions are signed or otherwise evidenced by the Clerk or RFO, are retained and any payments made are reported to Council. The approval of the use of a Banker's Standing Order shall be renewed by resolution of the Council at least every two years.
- 6.7** If thought appropriate by the Council, payment for certain items may be made by BACS or CHAPS methods provided the instructions for each payment are signed or otherwise evidenced by the Clerk or RFO, are retained and any payments made are reported to the Council. The approval of the use of BACS or CHAPS shall be renewed by resolution of the Council at least every two years.
- 6.8** If thought appropriate by the Council, payment for certain items may be made by internet banking transfer provided evidence showing the payment is retained and any payments made are reported to Council.
- 6.9** Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the Council's records on that computer, a note shall be made of the PIN and passwords and shall be handed to and retained by the Chair of Council in a sealed, dated envelope. This envelope may not be opened other than in the presence of two other Councillors. After the envelope has been opened in any circumstances, the PIN and /

or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all Councillors immediately, and formally at the next available meeting of the Council.

- 6.10** No employee or Councillor shall disclose any PIN or password, relevant to the working of the Council or its bank accounts, to any person not authorised in writing by the Council or a duly delegated committee.
- 6.11** Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question. The Clerk, the Assistant Clerk and the Chair of the Parish Council should be kept informed as to their location.
- 6.12** The Council, and any Councillors or employees using computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security including a secured internet connection, is used.
- 6.13** Where internet banking arrangements are made with any bank, the Clerk or RFO shall be appointed as the Service Administrator.
- 6.14** Access to any internet banking accounts will be directly to the access page and not through a search engine or e-mail link.
- 6.15** Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier. The RFO should follow a programme of regular checks of standing data with supplier.
- 6.16** All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy themselves that the work, goods or services to which the invoice relates, shall have been received, carried out, examined and approved.
- 6.17** The RFO shall examine invoices for arithmetical accuracy and shall allocate them to the appropriate expenditure heading. The RFO shall take appropriate steps to settle all invoices submitted, and which are in order, at the next available Council meeting.
- 6.18** If payment is necessary before the next scheduled meeting of Council, the Clerk may, notwithstanding paragraph 6.17 of this appendix (above), take appropriate steps to settle such invoices provided that such payments are included in the schedule referred to in paragraph 5.2 of this appendix (above).
- 6.19** The Council will not maintain any form of cash float. All cash received shall be banked intact. Any payments made in cash by staff shall be refunded on a regular basis.
- 6.20** Debit cards will be issued to the Clerk and other officers solely for use in making payments required for Bishopstoke Parish Council. Use of the debit card shall be restricted to a single transaction maximum value of £500, unless authorised by Council or Finance Committee in writing before any order is placed. Purchases placed by debit card will be reported to the next Finance Committee meeting.

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 salaries such as may be made for tax, national insurance and pension contributions, will be made in accordance with the payroll records and on appropriate dates stipulated in employment contracts, provided that such payments are approved by the Finance Committee and reported to the next available meeting.
- 7.3** No changes to employees' pay, emoluments, or terms and conditions of employment shall be made without the prior consent of the Council.
- 7.4** Payments to employees are confidential and such records are not open to review under the Freedom of Information Act 2000, or otherwise, other than by a Councillor who demonstrates a need to know, or the internal or external auditor.
- 7.5** The RFO will sign off on all hours claimed for payment except the RFO's own hours, which will be signed off by the Clerk, and the Clerk's hours, which will be signed off by the Chair.

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. Negotiations will be undertaken by the Clerk or RFO and will be subject to approval by the Council.
- 8.2** The Council shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any policy shall be reviewed 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 the Council as to terms and purpose. The terms and conditions of borrowings shall be reviewed at least 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 will review all fees and charges annually, following a report by the RFO.
- 9.4** Any sums found to be irrecoverable and any bad debts shall be reported to the Council and, if agreed, shall be written off in that financial year.
- 9.5** All sums received on behalf of the Council shall be banked intact as directed by the RFO. All receipts shall be deposited with the Council's bankers with such frequency as the 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 RFO shall complete promptly any VAT Returns required. Any repayment claim due in accordance with VAT Act 1994 Section 33 shall be made quarterly and to coincide with the financial year-end.
- 9.9** Where any significant sums of cash are received by the Council, the 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 works, goods and services

- 10.1** An official order by letter or e-mail shall be issued for all work, goods and services unless a formal contract is to be prepared. In cases where the value of the order is greater than £1,000 exclusive of VAT, and is for work, goods or services not specified in the budget, or in cases where the order is for any item of capital expenditure, then a formal purchase order must be issued before any work is undertaken or goods and services are provided.
- 10.2** Order books, if in use, shall be controlled by the RFO.
- 10.3** All Councillors and employees are responsible for obtaining value for money at all times. An employee issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, for example by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Section 11 of this appendix (below).
- 10.4** The 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 RFO shall ensure that the statutory authority for such payments shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

- 10.5** A Councillor may not issue any official order or enter into any contract on behalf of the Council.

11 Contracts

- 11.1** Procedures as to contracts are laid down as follows:

- 11.1.1** Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than by resolution of the Council or in an emergency, provided that these regulations shall not apply to contracts which relate to items 11.1.1.1 to 11.1.1.6 below.
- 11.1.1.1** For the supply of utility services.
 - 11.1.1.2** For specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.
 - 11.1.1.3** For work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment.
 - 11.1.1.4** For work to be executed or goods or materials supplied which constitute an extension of an existing contract by the Council.
 - 11.1.1.5** For additional audit work of the External Auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chair and Vice-Chair of Council).
 - 11.1.1.6** For goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- 11.1.2** Where it is intended to enter into a contract exceeding £60,000 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 expected as set out in paragraph 11.1.1 of this appendix (above) the Clerk shall invite tenders from at least three contractors.
- 11.1.3** 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 approved by the Council.
- 11.1.4** Such invitation to tender shall state the general nature of the intended contact and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state the tenders must be addressed to the Clerk in the ordinary course of post. Each tendering contractor shall be supplied with a specifically marked envelope in which the tender is to be sealed until the prescribed date for opening tenders for that contract.
- 11.1.5** 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.
- 11.1.6** If less than three tenders are received for contracts above £60,000 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.

- 11.1.7** Any invitation to tender issued under this regulation shall contain a statement to the effect that any canvassing by or of a Councillor shall disqualify that contractor from the tendering process. (Bribery Act 2010)
- 11.1.8** When the Council is to enter into a contract less than £60,000 but greater than £10,000 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 11.1.1 of this appendix (above), the Clerk shall obtain 3 quotations (priced descriptions of the proposed supply), if appropriate, otherwise, Regulation 10.3 in this appendix shall apply.
- 11.1.9** The Council shall not be obliged to accept the lowest, or any, tender, quote or estimate.

12 Insurance

- 12.1** Following the annual risk assessment (as per Financial Regulation 1.4 above), the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 12.2** The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 12.3** The Clerk 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.
- 12.4** 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.

13 Assets, Properties and Estates

- 13.1** The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The Clerk shall ensure a record is maintained of all properties held by the Council, recording the location, extent, plan, reference, purchase, details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 13.2** No tangible movable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £500.
- 13.3** No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law. In each case a report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

13.4 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).

13.5 Subject only to the limit set in paragraph 13.2 in this appendix (above), no tangible movable property shall be purchased or acquired without the authority of the full Council. In each case a report in writing shall be provided to Council with a full business case, as appropriate.

14 Risk Management

14.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.

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

15 Revision of Financial Regulations

15.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.

16 Suspension of regulations

16.1 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 risk arising has been drawn up and presented in advance to Councillors.