

**Appendix**  
To Standing Orders

***LANDRAKE WITH  
ST ERNEY  
PARISH COUNCIL***

*ADOPTED BY COUNCIL  
13<sup>th</sup> October 2020*

**Financial Regulations**

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**FINAL REVIEW DRAFT – October 2020**  
**LANDRAKE WITH ST ERNEY PARISH COUNCIL (the “Council”)**  
**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 the Council. Financial regulations must be observed in conjunction with the council’s standing orders.

1.2 The Parish Clerk is the Responsible Financial Officer for the Council.

1.3 The Responsible Financial Officer (RFO), under the Policy direction of the Council, shall be responsible for the proper administration of the Council’s financial affairs, allowing that delegation to other members of staff is necessary.

1.4 Duties of the RFO:

The RFO acts under the policy direction of the Council, and :

- (i) Administers the Council’s financial affairs in accordance with all Acts, Regulations and proper practices;
- (ii) Determines on behalf of the Council its accounting records and accounting control systems;
- (iii) Ensures the accounting control systems are observed;
- (iv) Maintains the accounting records of the Council up to date in accordance with proper practices;
- (v) Assists the Council to secure economy, efficiency and effectiveness in the use of its resources ;and
- (vi) Produces financial management information as required by the Council

1.5 Deliberate or wilful breach of these regulations by an employee may give rise to disciplinary procedures.

1.5. In these financial regulations and any annex, 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.

1.6 In these financial regulations and any annex the term ‘proper practice’ or ‘proper practices’ shall refer to guidance issued in Governance and Accountability for Smaller Authorities in England

- a Practitioners' Guide issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

## **2. Annual Budget Estimates**

2.1 The Finance Working Group shall 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 November each year.

2.2 The Finance Working Group shall consult with other Working Groups (if any) before the full Budget is presented for adoption by the Council and shall make recommendations to the Council regarding adoption or otherwise.

2.3 The Council shall review the Budget not later than the end of December 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 and shall supply each member with a copy of the approved Budget.

2.4 The annual Budget shall form the basis of financial control for the ensuing year.

## **3. Budgetary Control**

3.1 Expenditure on Revenue items may be incurred up to the amounts included in the approved budget.

3.2 No expenditure may be incurred which will exceed the amount provided in the revenue budget by an amount of more than £150 without reference to the Council.

3.3 The RFO shall provide the Council with a quarterly statement of Income and Expenditure under each head of the budgets, comparing actual expenditure against the Budget.

3.4 The Parish Clerk may, in consultation with the Chairman and Vice Chairman, 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 £300

3.5 Unspent provisions in the Revenue budget shall be carried forward to a subsequent year by approval of the Council

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 works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

#### **4. Accounting and Audit**

4.1 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.

4.2 The RFO shall be responsible for ensuring completion of all accounts of the Council as soon as practicable after the end of the financial year and submission to the Council, for approval by resolution no later than 30 June each year.

4.3 The RFO shall be responsible for ensuring that there is an independent, 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.

4.4 An Internal Auditor, who shall be competent and independent of the operations of the Council, shall be appointed by the Council. The Internal Auditor will report to the Council in writing as required.

4.5 For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.

4.6 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity for inspection of the accounts, books, and vouchers required by the Accounts and Audit Regulations.

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 nature.

#### **5. Banking Arrangements and Cheques**

5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council, banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.

5.2 The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to the Council. The Council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council. The approved schedule shall be ruled off and

initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

5.3 Cheques drawn on the bank account in accordance with the schedule referred to in Paragraph 5.2 shall be signed by any 2 members from the signature list. Due to the fact that the possibility exists for Councillors with aligned personal or commercial interests to sign the same cheque, the Council will not appoint members of the same family to sign cheques.

5.4. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the council.

5.5. The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available council meeting.

## **6. Payment of Accounts**

6.1 The council will make safe and efficient arrangements for the making of its payments and all payments shall be effected by cheque or other instruction to the Council's bankers.

6.2 If a payment is necessary to be made to avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1998, or required under the Public Contracts Regulations 2015, the Town Clerk/RFO may take all necessary steps to settle such invoices.

6.3 If thought appropriate by the Council, payment for utility supplies (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 members and any payments are reported to Council as made.

6.4 If thought appropriate by the Council, payment for certain items may be made by BACS or internet banking transfer 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.

6.5 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.

6.6 The Council, and any members 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, is used.

6.7 Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved

passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.

6.8 All invoices for payment shall be examined, verified and coded by the RFO in consultation with the Council, who shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.

6.9 The RFO shall scrutinise invoices in relation to arithmetical accuracy and coding shall post them to the appropriate expenditure heading. The RFO shall approve the invoices for payment.

## **7. Payment of Salaries**

7.1 The payment of 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.

## **8. Loans and Investments**

8.1 All loans and investments shall be negotiated in the name of the Council and in accordance with the Council's Investment and Financial Management Strategy, which is attached hereto at Appendix B.

8.2 The Council's Investment Policy shall be in accordance with relevant regulations, proper practice and guidance, and shall be reviewed on a regular basis.

8.3 All investments and 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 the 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 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 The Council will review all fees and charges annually, following a report by the RFO or other relevant officer.

9.3 All sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year. Any bad debts amounting to less than £250 may be written off by the RFO but reported to the Council at the next appropriate meeting.

9.4 All sums received on behalf of the Council shall be banked intact as directed by the RFO. In all cases, all income shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.

9.5 Personal cheques shall not be cashed out of money held on behalf of the Council.

9.6 The RFO shall ensure that any VAT Return that is required is promptly completed. Any repayment claims due in accordance with VAT Act 1994 section 33 shall be made quarterly.

9.7 Where any significant sums of cash are received by the Council, the RFO shall take such steps as are necessary to ensure that more than one person is present when the cash is counted in the first instance, 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 A Purchase Order or letter shall be issued for all work, goods and services unless a formal contract is prepared or an official order would be inappropriate. Copies of orders shall be retained.

10.2 A member may not issue a purchase order or make any contract on behalf of the Council.

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 below. Any invitation to tender issued under this regulation shall refer to the terms of the Bribery Act 2010.

## **11. Contracts**

See Appendix (i)

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 other than in an emergency as described at Regulation 3.5 provided that these Regulations shall not apply to contracts which relate to items 1 to 5 below.

a) For the supply of gas, electricity, water, sewerage and telephone services.



- b) For specialist services such as provided by solicitors, accountants, surveyors and planning consultants.
- c) For work to be executed, or goods/materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant.
- d) For work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council.
- e) 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 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. **See note 1**

11.1.3 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) **See note 2**

11.1.4 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.

11.1.5 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.

11.1.6 All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of the appointed members acting as a Tender Sub-Committee, which shall consist of at least 3 members of the Council. Those present shall sign and date a list of those tenders received.

11.1.7 Any invitation to tender issued under this regulation shall be subject to Standing Orders 33 and 38 and shall refer to the terms of the Bribery Act 2010.

11.1.8 When it is to enter into a contract of 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,

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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> For contracts commencing on or after 1 January 2020 the thresholds are:

- contracts for works: £4,733,252
- contracts for supplies and services: £189,330

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 £2500 but greater than £150 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.

11.1.9 If less than three tenders are received for contracts between £2500 and £150, 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. In awarding any contract under these circumstances, the Council shall ensure as far as reasonable and practicable that the best available terms are obtained.

11.1.10 The council shall not be obliged to accept the lowest or any tender, quote or estimate.

11.1.11 Should it occur that the council, or duly delegated Working Group, 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**

12.1 Payments on account of the contract sum shall be made by the RFO within the time specified in the contract, upon receipt of authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage retention as may be agreed in the particular contract).

12.2 Where contracts provide for payments by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of the work carried out under contract, excluding agreed variations, will exceed the contract sum by 5% or more a report shall be submitted to the Council, who shall decide the appropriate course of action.

12.3 Any variation, addition to, or omission from, a contract in an amount in excess of £150 must be approved by the Parish Clerk (after consultation with the Council) 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 The officer in charge of each section shall be responsible for the care and custody of stores and 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 RFO shall be responsible for periodic checks of stocks and stores at least annually.

#### **14. Assets, Properties and Estates**

14.1 The Parish 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 the 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 by law, save where the estimated value of any one item of tangible movable property does not exceed £100, in which case the Parish Clerk may make the decision to dispose.

14.3 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.

#### **15. Insurance**

15.1 Following an annual risk assessment, the RFO shall affect 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, damage or any event likely to lead to a claim, and shall report these to Council at the next available meeting.

15.4 All appropriate employees and members 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 the sole Trustee of a Charitable body the 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 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 Council is responsible for putting in place arrangements for the management of risk. Annually, the RFO shall carry out Risk Assessment and Management, using a robust, proportionate and appropriate method, across all activities of the Council together with a Risk Management Policy. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.

17.2 When considering any new activity, the Clerk with consultation with the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

## **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. 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.

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Appendix I

SLCC Advise no: AD195

### **Contracts:**

Contracts Finder (England only) Contracts Finder is a Government website providing information on contract opportunities and on the award of contracts by public authorities. The intention is to make potential contractors aware of public sector contract opportunities across England.

While a public authority is free to advertise any contract opportunity on Contracts Finder it is mandatory to advertise a contract opportunity on Contracts Finder where:

- the value (exclusive of recoverable VAT) of the contract is expected to exceed £25,000, and
- the contract opportunity has been 'advertised'.

The meaning of 'advertised' is explained by Regulation 110(5) of the Public Contracts Regulations 2015: '(5) For the purposes of this regulation—

(a) a contracting authority advertises an opportunity if it does anything to put the opportunity in the public domain or bring the opportunity to the attention of economic operators generally or to any class or description of economic operators which is potentially open-ended, with a view to receiving responses from economic operators who wish to be considered for the award of the contract; and

(b) accordingly, a contracting authority does not advertise an opportunity where it makes the opportunity available only to a number of particular economic operators who have been selected for that purpose (whether ad hoc or by virtue of their membership of some closed category such as a framework agreement), regardless of how it draws the opportunity to the attention of those economic operators.' So a council does not 'advertise' a contract opportunity if it is permitted by its Standing Orders/Financial Regulations to invite only a select group of potential contractors to tender, and it does so. But if its Standing Orders/Financial Regulations require it to advertise a contract opportunity in local newspapers or on its website, or if it chooses to do so, then it must also (if the expected value of the contract exceeds £25,000) advertise the contract opportunity on Contracts Finder. In addition, and whether or not the contract opportunity was

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advertised on Contracts Finder, specified information on the award of contracts where the value (exclusive of recoverable VAT) exceeds £25,000 must be published on the Contracts Finder website regardless of whether they have been publicised in some other way (or not at all). This requirement applies to contracts awarded since 1 April 2015.