

**Harrington Parish Council**  
**Financial Regulations Policy**

These Financial Regulations were adopted by Harrington Parish Council at its meeting held on Monday 9<sup>th</sup> May 2016

**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. Financial regulations are one of the council's three governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the council's standing orders and any individual financial regulations relating to contracts.

1.2. The council is responsible in law 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.

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 inaccuracy and fraud,  
identifying the duties of officers.

1.4. These financial regulations demonstrate how the council meets these responsibilities and requirements.

1.5. 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.

1.6. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

1.7. 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.

1.8. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. The Clerk has been appointed as RFO for Harrington council and these regulations will apply accordingly.

1.9. The Clerk:-  
acts under the policy direction of the council,  
administers the council's financial affairs in accordance with all Acts, Regulations and proper practices,  
determines on behalf of the council its accounting records and accounting control systems,  
ensures the accounting control systems are observed,  
maintains the accounting records of the council up to date in accordance with proper practices,  
assists the council to secure economy, efficiency and effectiveness in the use of its resources,  
produces financial management information as required by the council.

1.10. The accounting records determined by the clerk shall be sufficient to show and explain the council's transactions and to enable the clerk to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the council from time to time comply with the Accounts and Audit Regulations<sup>1</sup>.

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<sup>1</sup> In England - Accounts and Audit (England) Regulations 2011/817  
In Wales - Accounts and Audit (Wales) Regulations 2005/368

1.11. The accounting records determined by the clerk 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,  
wherever relevant, a record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

1.12 The accounting control systems determined by the clerk 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,  
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 clerk, and that the approvals are shown in the accounting records,  
measures to ensure that risk is properly managed.

1.13. 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,  
approving accounting statements,  
approving an annual governance statement,  
borrowing,  
writing off bad debts,  
declaring eligibility for the General Power of Competence,  
addressing recommendations in any report from the internal or external auditors,  
shall be a matter for the full council only.

1.14. In addition the Council must;-  
determine and keep under regular review the bank mandate for all council bank accounts,  
approve all payments and any grant,  
in respect of the annual salary for the Clerk have regard to recommendations about annual salaries of employees.

1.15. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils – a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC)

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

2.1 All accounting procedures and financial records of the council shall be determined by the clerk in accordance with the Accounts and Audit Regulations, appropriate Guidance and proper practices.

2.2. On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman shall be appointed to verify bank reconciliations produced by the clerk. The member shall sign the reconciliations and the original bank statements as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.

2.3. The clerk 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.

2.4. 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 clerk, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose. 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.

2.5. The internal auditor shall be competent and independent of the financial operations of the council. Report to the council on a regular basis with one annual written report each financial year. To demonstrate competence, objectivity and independence, be free from actual or perceived conflicts of interest, including those arising from family relationships and have no involvement in the financial decision making management or control of the council.

2.6. 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.

2.7. 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.

2.8. The clerk 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.

2.9. The clerk shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

### **3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING**

3.1 The Council shall consider the need for and shall have regard to a three year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual budget. The council shall consider annual budget proposals in relation to the council's three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.

3.2. The clerk must each year, by no later than November prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the council.

3.3. The council shall consider annual budget proposals in relation to the council's three year forecast of revenue and capital receipt and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.

3.4. The council shall fix the precept and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year. The clerk shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.

3.5. The approved annual budget shall form the basis of financial control for the ensuing year.

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

4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. Such authority is to be evidenced by a Minute. Contracts may not be aggregated to avoid controls imposed by these regulations.

4.2. No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate ('virement').

4.3. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.

4.4. The salary budgets are to be reviewed at least annually in November for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chairman of Council. The clerk will inform council of any changes impacting on the budget requirement for the coming year in good time.

4.5. In cases of extreme risk to the delivery of council services, the clerk may request transfer of money from the reserve account to the current account and authorise revenue expenditure on behalf of the council which in the clerk's judgement it is necessary to carry out. This is to be carried out with the permission of the Chairman and one councillor and minuted at the next council meeting. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £200.

4.6. No expenditure shall be authorised 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 and the requisite borrowing approval has been obtained.

4.7. All capital works shall be administered in accordance with the council's standing orders and financial regulations in relation to contracts.

4.8. The clerk shall regularly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter and shall show explanations of material variances.

4.9. Changes in earmarked reserves shall be approved by council as part of the budgetary control process.

#### **5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS**

5.1. The council's banking arrangements, including the bank mandate, shall be made by the clerk and approved by the council. They shall be regularly reviewed for safety and efficiency

5.2. The clerk 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 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. All invoices for payment shall be examined, verified and certified by the clerk 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.

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

5.5. The Clerk shall have delegated authority to authorise the payment of items only in the following circumstance if a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of council, where the Clerk and Chairman certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council.

5.6 There is no list of due payments to be annually prepared which arise on a regular basis as the result of a continuing contract, statutory duty or obligation.

5.7. In respect of grants the Council shall approve expenditure within any limits set by council and in accordance with any Policy statement approved by council.

5.8. Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

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

6.1. The council will make safe and efficient arrangements for the making of its payments.

6.2. Following authorisation under Financial Regulation 5 above, the council shall give instruction that a payment shall be made.

6.3. All payments shall be effected by cheque or other instructions to the council's bankers, in accordance with a resolution of Council

6.4. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee shall be signed by two members of council in accordance with a resolution instructing that payment. If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that Councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.

6.5. To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

6.6. Cheques or orders for payment shall not normally be presented for signature other than at a council meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the council at the next convenient meeting.

6.7. Harrington Parish Council does not use Direct Debit. If this happens in the future, the approval of use by a Banker's Standing order 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 is retained showing which members approved the payment.

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 Chairman 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 members immediately and formally to the next available meeting of the council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.

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.

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, and preferably off site.

6.12. 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.

6.13. Where internet banking arrangements are made with any bank, the clerk shall be appointed Service Administrator. The Bank Mandate approved by the Council shall identify a number of councillors who will be authorised to approve transactions on these accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.

6.14. Access to any 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 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.

6.15. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the clerk and a member. A programme of regular checks of standing data with suppliers will be followed.

6.16. Any Debit Card issued for use will be specifically restricted to the Clerk and will also be restricted to a single transaction maximum value of £100.00 unless authorised by council in writing before any order is placed.

6.17. The council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

## **7. PAYMENT OF SALARIES**

7.1. The clerk's salary will be paid at each council meeting.

## **8. LOANS AND INVESTMENTS**

8.1. All borrowings shall be negotiated in the name of the council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The application for Borrowing Approval, and subsequent arrangements for the Loan shall only be approved by full council.

8.2. The council will arrange with the council's Banks and Investment providers for the sending of a copy of each statement of account to the Chairman of the council at the same time as one is issued to the Clerk.

8.3. All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with council policy.

8.4. All investments of money under the control of the council shall be in the name of the council. All investment certificates and other documents relating thereto shall be retained in the custody of the Parish Clerk.

## **9. INCOME**

9.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the Clerk.

9.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the council, notified to the clerk and the clerk shall be responsible for the collection of all accounts due to the council.

9.3. The council will review all fees and charges at least annually, following a report of the Clerk.

9.4. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.

9.5. All sums received on behalf of the council shall be banked intact as directed by the clerk. In all cases, all receipts shall be deposited with the council's bankers with such frequency as the clerk considers necessary.

9.6. The origin of each receipt shall be entered on the paying-in slip.

9.7. Personal cheques shall not be cashed out of money held on behalf of the council.

9.8 The clerk shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.

9.9 Where any significant sums of cash are regularly received by the council, the clerk 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 in some form of control such as ticket issues, and that appropriate care is taken of scrutiny and safety of individuals banking such cash.

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

10.1. An official order or letter shall be issued for all work, goods and services.

10.2. Order books shall be controlled by the clerk.

10.3. All members and Officers are responsible for obtaining value for money at all times.

10.4. A member may not issue an official order or make any contract on behalf of the council.

10.5. 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 or payments, the clerk shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

## **11. CONTRACTS**

11.1. Advice will be sought from the Borough Council in respect of any contracts that may be sought which shall comply with these financial regulations.

## **12. ASSETS**

12.1. Harrington Parish Council has no land holdings.

12.2. The clerk shall ensure that an appropriate and accurate Register of Assets is kept up to date. The continued existence of tangible assets shown in the Register (at the back of the cash book) shall be verified at least annually (at the time of the annual internal audit), in conjunction with the health and safety inspection of assets.

## **13. INSURANCE**

13.1. Following the annual risk assessment (per Financial Regulation 14), the clerk shall effect all insurances and negotiate all claims on the council's insurers.

13.2. The clerk shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.

13.3. 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.

13.4. The clerk shall notify the Council of all new risks and of any alterations affecting existing insurances.

13.5. 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 [annually] by the council.

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

15.1. It shall be the duty of the council to review the Financial Regulations of the council at the annual parish council meeting. 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.

15.2. The council may, by resolution of the council duly notified prior to the relevant meeting of the 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.

Signed

Chairman of Harrington Parish Council

Date 9<sup>th</sup> May 2016

Reviewed by Councillor Paul Gooding

May 2017

