



# GRENDON UNDERWOOD PARISH COUNCIL

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CP10.05

## FINANCIAL REGULATIONS

for the

# Governance of the Statutory Duties of Grendon Underwood Parish Council

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27 <sup>th</sup> May 2014	v.1 Standard NALC template adopted by Council
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**Authorised & Adopted: GRENDON UNDERWOOD PARISH COUNCIL**

Dated: 26<sup>th</sup> May 2020

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# FINANCIAL REGULATIONS

Authorised & Adopted: GRENDON UNDERWOOD PARISH COUNCIL

CP10.05

CONTENTS	Section
1. General	1
2. Accounting and audit (internal and external)	2
3. Annual estimates (budget) and forward planning	3
4. Budgetary control and authority to spend	4
5. Banking arrangements and authorisation of payments	5
6. Instructions for the making of payments	6
7. Payment of salaries	7
8. Loans and investments	8
9. Income	9
10. Orders for work, goods and services	10
11. Contracts	11
12. Payments under contracts for building or other construction works	12
13. Assets, properties and estates	13
14. Insurance	14
15. Risk management	15
16. Suspension and revision of Financial Regulations	16

# FINANCIAL REGULATIONS

Authorised & Adopted: GRENDON UNDERWOOD PARISH COUNCIL

CP10.05

## 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 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.
- 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; and
  - 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 Officer of a Council is a statutory office which the council is required to appoint as a paid employee of the Council. Grendon Underwood Parish Council has seen fit for their Responsible Officer to act in the capacities of both their Clerk and their Responsible Financial Officer (RFO) and these regulations will apply accordingly. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall advise, to the best of their ability, best practice for the maintenance of Council accounting records, and accounting control systems. The RFO shall endeavour to identify to the Council any departure from the accounting control systems and these Regulations and that the accounting records of the council are maintained and kept up to date in accordance with proper practices.
- 1.9. 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;
  - operates on behalf of the council its accounting records and accounting control systems;
  - assists the council in identifying any occurrence of the accounting control systems not being 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; and
  - produces financial management information as required by the council.
- 1.10. The accounting records, as determined by the Council, shall be sufficient to show and explain the council's transactions and to enable the Council 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.
- 1.11. The accounting records determined by these Regulations shall in particular, but not exclusively, 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.
- 1.12. The accounting control systems determined by the Council shall require the RFO to include:

# FINANCIAL REGULATIONS

Authorised & Adopted: GRENDON UNDERWOOD PARISH COUNCIL

CP10.05

- 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 any approvals for uncollectable amounts, including any bad debts, to be written off will only be made by full Council and that any such approvals are shown in the accounting records; and
- 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 (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.

1.14. In addition, the council must:

- determine and keep under regular review the bank mandate for all council bank accounts;
- approve, under their Grant Awarding Policy, any grant or a single commitment accessing public money; and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the Personnel Committee in accordance with its terms of reference.

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 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 Council with advice to the Council by the RFO, to the extent his/her knowledge of the Accounts and Audit Regulations, appropriate guidance and proper practices allows.

2.2. The RFO will maintain a Cash Book on Council approved software on Council owned IT equipment.

2.3. As soon as practicable after the end of the financial year, the RFO will produce a consolidation of full year income/outgoings from the Cash Book, to include all payments authorised but not yet taken, to be accounted for in the next year's outgoings, and the Chair will generate a bank statement of all incomings and outgoings for that financial year. The RFO will carry out a reconciliation of the spend identified in the Cash Book against the bank statement and against the budget generated in the previous year.

2.4. 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 reconcile the RFO records against the original bank statements and their findings tabled at annual review of Council as evidence of verification. This activity shall, on conclusion, be considered, including any exceptions, and minuted by full Council.

2.5. 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.

2.6. 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.

2.7. 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.

2.8. 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.

2.9. 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.

2.10. 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.

2.11. 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.

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

### **3. Annual Budgets and Forward Planning**

- 3.1 On receipt of the annual request for a precept application from the billing authority (AVDC) - usually in October/November requesting application in time for their precept meeting in January of the following year, the RFO will generate a detailed consolidation of all receipts and payments, including the use of reserves and all sources of funding, for the financial year to date together with a projection of income & outgoings up the end of the current financial year.
- 3.2 Based on this data, the Chair, in collaboration with the RFO and at least one other Councillor, shall formulate an annual budget, for the following financial year, in respect of revenue and capital, including the use of reserves and other sources of funding. The Chair will then use this to set a Precept (council tax requirement) request, and relevant basic amount of council tax to be levied, for the ensuing financial year.
- 3.3 In consideration of the fact that the AVDC deadline for precept submission is in January and that Council does not meet in December, Council has agreed by resolution to authorise the Chair to hold this formulation meeting, using best estimate projections to financial year end, during December in order to meet precept submission timing.
- 3.4 On approval by Council, following electronic circulation, the Chair will direct the RFO to submit the Precept request to the billing authority in time for them to process it in January and to confirm submission to each member.
- 3.5 The finalised budget & precept request shall be submitted for formal Council ratification at its end-January meeting.
- 3.6 The annual budget shall form the basis of financial control for the ensuing financial year.
- 3.7 The Council shall consider the need for and shall have due regard to any three year forecast of Revenue and Capital Receipts and Payments which it may be deem necessary.

### **4. Budgetary Control & Authority to Spend**

- 4.1 In line with the Council Policy on Risk Management, no one individual, member or employee, is authorised to incur expenditure on behalf of the Council unilaterally. Accordingly, any authority for the disbursement of public monies must be by resolution of full Council.

# FINANCIAL REGULATIONS

Authorised & Adopted: GRENDON UNDERWOOD PARISH COUNCIL

CP10.05

- 4.2 Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget.
- 4.3 All such authorities must be evidenced by a minute.
- 4.4 Contracts may not be disaggregated to avoid controls imposed by these regulations.
- 4.5 Unless by prior resolution of full Council to specifically access General Reserves, no expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure.
- 4.6 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.
- 4.7 At each General Meeting of Council, the RFO shall provide the Council with a statement of expenditure & receipts for the period from the last meeting to date.
- 4.8 At the General Meeting nearest to and after the end of each financial quarter – end June, end September, end December, end March - the RFO will table a statement highlighting any discrepancies in actual expenditure in the quarter against that planned as shown in the budget.
- 4.9 In the un-lightly event of extreme risk to the delivery of council services or statutory duties or in the event of an expenditure being necessary to carry out any repair, replacement or other work being of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, the Member identifying the need will initiate the Council Rapid Response Policy and the Clerk shall formally report the action & outcomes to the Council as soon as practicable thereafter.
- 4.10 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.
- 4.11 The salary budgets are to be reviewed at least annually at the May financial review 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 or relevant committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 4.12 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.
- 4.13 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 4.14 For each capital works project, the RFO 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. For this purpose, “material” shall be in excess of [£100] or [15%] of the budget.
- 4.15 Changes in earmarked reserves shall be approved by council as part of the budgetary control process.

## 5. Banking Arrangements & Authorisation of Payments

- 5.1 The Council's banking arrangements, including the Bank Mandate, shall be made & managed by the Chair of Council with the approval of the Council. Banking arrangements may not be delegated to a committee or any other single individual or officer of Council. The Council shall regularly review them for safety & efficiency.
- 5.2 A schedule of the payments invoiced in the period between General Meetings of Council shall be prepared by the RFO and, together with the relevant invoices, to be presented to Council. The Council shall review the invoices so presented for compliance against any Purchase Order or resolution in force and, having satisfied itself, shall authorised payment by a resolution of the Council. The approved payments shall be ruled off & the invoices initialled by the Chairman of the Meeting & one other member. A detailed list of all payments made in the period since the last meeting shall be disclosed within or as an attachment to the minutes of the meeting at which payments were authorised [unless not in the public interest so to do]. 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 submitted for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which the invoice relates has been pre-approved by Purchase Order or some other resolution of Council and has been received, carried out, examined and deemed acceptable.

# FINANCIAL REGULATIONS

Authorised & Adopted: GRENDON UNDERWOOD PARISH COUNCIL

CP10.05

- 5.4 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading.
- 5.5 In the event of a discrepancy being identified, the RFO will initiate enquiries with the supplier for clarification prior to submission to the Council.
- 5.6 The RFO shall submit for payment all invoices which are in order at the next available meeting of Council.
- 5.7 In line with Council's Risk Management Policy, at least two Members of Council, one of which must be the Chairman, are required to authorise the raising of Direct Debits & Standing Orders, the payment of invoices, expense claims, the release of duly authorised grant award funding & any other items of expenditure including in the following circumstances:
- a) 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 Council is not aware of any dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council;
  - b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council; or
  - c) fund transfers within the councils banking arrangements provided that a list of such payments shall be submitted to the next appropriate meeting of council.
- 5.8 For each financial year the Clerk/RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively) Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which council may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of council.
- 5.9 A record of regular payments made under 5.6 above shall be drawn up and be signed by two members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and / or made.
- 5.10 In respect of grants, Council shall approve expenditure within any limits set by council and in accordance with any policy statement approved by council. All Revenue or Capital Grants shall, before payment, be subject to ratification by resolution of the council.
- 5.11 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.
- 5.12 The council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.
- 5.13 Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member.

## 6. Instructions for the Making of Payments

- 6.1 The council will make safe and efficient arrangements for the making of its payments. No business will be transacted using personal information or data capable of identifying an individual.
- 6.2 Following authorisation under Financial Regulation 5 above, the council will ratify that a payment shall be made.
- 6.3 All payments shall be affected electronically against a duly approved instrument or instruction to the council's bankers, any exception being in accordance with a resolution of council.
- 6.4 Invoices or other approved 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 to indicate agreement of the details shown on the order for payment & in accordance with a resolution instructing that payment.
- 6.5 A Member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to any payment.
- 6.6 Orders for payment shall not normally be presented for signature other than at a council or committee 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.

# FINANCIAL REGULATIONS

Authorised & Adopted: GRENDON UNDERWOOD PARISH COUNCIL

CP10.05

- 6.7 If thought appropriate by the Council, certain payments (such as utilities, broadband, devolved services) may be made by variable Direct Debit or Standing Order provided that the instructions are signed by two members and any payments are reported to council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the council at least every year.
- 6.8 In addition, if thought appropriate by Council, payments for certain items may be effected by BACS or CHAPS transfer methods 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. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every year.
- 6.9 Under certain circumstances a Member may be authorised by full Council to incur a specific expense for a specified purpose to make an on-line purchase to be reimbursed subsequently as an expense claim according to Council Policy on expenses. The amount of expenditure must be pre-authorised against a printed off & signed quote or expenditure request submission to council.
- 6.10 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.
- 6.11 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.
- 6.12 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.
- 6.13 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.
- 6.14 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.
- 6.15 Where internet banking arrangements are made with any bank, the Chairman shall be appointed as the Service Administrator. The bank mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those 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.
- 6.16 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.
- 6.17 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 two members. A programme of regular checks of standing data with suppliers will be followed.
- 6.18 The council will not maintain any form of cash float. In the event of cash being unavoidably received it must be banked intact as soon as practically possible. Any pre-authorised payments made in cash (for example for postage or minor stationery items) shall be refunded against receipt, the Council's Expenses Policy and on receipt of an approved Expenses Claim Form tabled at a general Meeting of Council.
- 6.19 In line with the Council Policy on Risk Management, the Council will not issue debit or credit cards or deal with cheques unless by extreme exception and with approval of the Chairman and one other councillor.
- 6.20 Regardless of payment method, or as well as submitted in paper copy, all supplier invoices are required to identify supplier bank details, to allow authorised electronic transfer, and to be forwarded as attachments to an email sent to the Council email address of the Clerk.
- 6.21 Any personal payments made by a Member or council employee in the course of their duty (for example for postage or minor stationery items) shall be claimed separately as 'office expenses', as appropriate, against invoice & receipt of an approved Expenses Claim Form, to be claimed and refunded at the next General Meeting of Council following submission.

# FINANCIAL REGULATIONS

Authorised & Adopted: GRENDON UNDERWOOD PARISH COUNCIL

CP10.05

- 6.22 Any personal payments made by a Member or council employee for travel expenses or fuel used solely for Council business (such as attending training events) shall be claimed separately as 'travel expenses', against identification of the purpose of the expenditure, any travel warrants and subject to its prior authorisation by Council, to be claimed and refunded at the next General Meeting of Council following submission.
- 6.23 Any overtime carried out by a council employee in the course of their duty (for example for training) must be authorised by the Chair of Council before hand and shall be claimed separately as 'overtime', against identification of the purpose of the overtime and the Chair's authority, to be paid at the standard hourly rate monthly with salary.

## 7 Payment of Salaries

- 7.1 As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council.
- 7.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council Meeting, as set out in these Regulations above.
- 7.3. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council on advice of the Personnel Committee.
- 7.4. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- a) by any councillor who can demonstrate a need to know;
  - b) by the internal auditor;
  - c) by the external auditor; or
  - d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5. The total of such payments in each calendar month shall be reported with all other payments as made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.
- 7.6. An effective system of personal performance management should be maintained for the senior officers.
- 7.7. Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.
- 7.8. Before employing interim staff, the council must consider a full business case.

## 8 Loans & Investments

- 8.1. All borrowings shall be affected 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. Any financial arrangement which does not require formal borrowing approval from the Secretary of State/Welsh Assembly Government (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the full council. In each case a report in writing shall be provided to council in respect of value for money for the proposed transaction.
- 8.3. 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 or RFO.
- 8.4. 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.
- 8.5. The council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually.
- 8.6. All investments of money under the control of the council shall be in the name of the council.
- 8.7. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

# FINANCIAL REGULATIONS

Authorised & Adopted: GRENDON UNDERWOOD PARISH COUNCIL

CP10.05

- 8.8. Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Instructions for payments).

## 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 the Annual Report of the RFO.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5 Any sums not received electronically on behalf of the Council shall be banked intact as directed by the Chair of Council. In all cases, all receipts shall be deposited, by the Chair, with the Council's bankers as soon as practically possible after receipt.
- 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 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 No significant sums of cash will be accepted by or on behalf of the Council.

## 10 Orders for Work, Goods & Services

- 10.1 An official Purchase Order, ref council document CD17, attached to an email from the Council email address of the Clerk, shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 10.2 Purchase Orders shall be logged and electronic records maintained on Council owned IT equipment by the RFO.
- 10.3 All members and Officers are responsible for obtaining value for money at all times. When issuing an official order Council shall ensure, as far as reasonable and practicable, that the best available terms are obtained in respect of each transaction, usually by obtaining two or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 (I) below.
- 10.4. No single individual, Member or council employee may issue an official order or make any contract on behalf of the council.
- 10.5 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 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 Procedures as to contracts are laid down as follows:
- (a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:
- (i) for the supply of gas, electricity, water, sewerage and telephone services;
  - (ii) for specialist services such as are provided by solicitors acting in disputes, accountants, surveyors and planning consultants;
  - (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
  - (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
  - (v) for additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the Clerk/RFO shall act after consultation with the Chairman and Vice Chairman of Council);
  - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

- b) Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations<sup>1</sup>.
- c) The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)<sup>2</sup>.
- d) 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.
- e) 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 by attachment to an email. Alternatively, and in appropriate circumstances, 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.
- f) 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.
- g) Any invitation to tender issued under this regulation shall be subject to the council’s relevant standing order and shall refer to the terms of the Bribery Act 2010.
- h) 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, works or specialist services as are excepted as set out in paragraph (a) the Clerk/RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £100 the Clerk/RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.
- i) The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- j) Should it occur that the council, or duly delegated committee, 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 within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Council.
- 12.3 Any variation to a contract or addition to or omission from a contract must be considered and approved or rejected by the Council and the Clerk instructed to advise the Contractor of their decision in writing. Any such decision by the Council being an informed decision as to the effect of the variation, especially in regard to any revised final cost being likely to exceed the financial provision.

## **13 Assets, Properties & Estates**

- 13.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 13.2 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 movable property does not exceed [£250].
- 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

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

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

- a) For public supply and public service contracts 209,000 Euros (£181,302)  
b) For public works contracts 5,225,000 Euros (£4,551,413)

# FINANCIAL REGULATIONS

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CP10.05

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 Regulation 14.2 above, no tangible moveable 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.
- 13.6. 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, in conjunction with an insurance status & a health and safety inspection.

## 14 Insurance

- 14.1. Following the annual risk assessment (per Regulation 17), the RFO shall effect all insurances and negotiate all claims on the council's insurers.
- 14.2. The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 14.3. The RFO shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.
- 14.4. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim and shall report these to Council at the next available meeting.
- 14.5. 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 by the council.

## 15 Risk Management

- 15.1. The council is responsible for putting in place arrangements for the management of risk. The Clerk/RFO shall prepare, for approval by the Council, a Risk Management Policy and a full Risk Assessment in respect of all activities of the council. The Risk Policy and Assessment and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 15.2. When considering any new activity authorised by Council, the Chairman will direct the Clerk/RFO to prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## 16 Suspension & Revision of Financial Regulations

- 16.1. The Council will maintain its membership of NALC & B&MKALC such as to allow the RFO continued access to their Legal Briefings, Bulletins and Guidance. Thereby, the RFO shall monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to its Policies, Standing Orders and these Financial Regulations.
- 16.2. It shall be the duty of the council to review the Financial Regulations of the council annually.
- 16.3. 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.

NOTE: These Financial Regulations are modelled on the Model Financial Regulations template produced by the National Association of Local Councils (NALC) in July 2019 for the purpose of its member councils and county associations. Every effort has been made to ensure that the contents of this document are correct at time of publication. The Council, its employees & Members and NALC cannot accept responsibility for errors, omissions and changes to information subsequent to publication.

Signed; *K. Moloney*, Chairman,  
K. Moloney

Dated: 24<sup>th</sup> September 2019

# FINANCIAL REGULATIONS

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CP10.05

*Signed electronically for web site security purposes*

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