



FAIR OAK & HORTON HEATH PARISH COUNCIL

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CHAPTER 3

FINANCE REGULATIONS

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FAIR OAK AND HORTON HEATH PARISH COUNCIL FINANCIAL REGULATIONS

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1. GENERAL

- 1.1. These Financial Regulations govern the financial management of the Council and may only be amended or varied by resolution of the Council. Financial regulation shall be observed in conjunction with the council's Standing Orders and any individual financial regulations relating to contracts.
- 1.2. Councillors are expected to follow these regulations and not to entice employees to breach them. Failure to follow these regulations brings the office of councillor into disrepute.
- 1.3. Wilful breach of these regulations by an employee may result in disciplinary proceedings.
- 1.4. In these Financial Regulations:
 - 'Accounts and Audit Regulations' means the regulations issued under Sections 32, 43(2) and 46 of the Local Audit and Accountability Act 2014, or any superseding legislation, and then in force, unless otherwise specified.
 - "Approve" refers to an online action, allowing an electronic transaction to take place.
 - "Authorise" refers to a decision by the council, or a committee or an officer, to allow something to happen.
 - 'Proper practices' means those set out in *The Practitioners' Guide*
 - *Practitioners' Guide* refers to the guide issued by the Joint Panel on Accountability and Governance (JPAG) and published by NALC in England or Governance and Accountability for Local Councils in Wales – A Practitioners Guide jointly published by One Voice Wales and the Society of Local Council Clerks in Wales.
 - 'Must' and **bold text** refer to a statutory obligation the council cannot change.
 - 'Shall' refers to a non-statutory instruction by the council to its members and staff.
- 1.5. The Responsible Financial Officer (RFO) holds a statutory office, appointed by the council. 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;
 - determines on behalf of the Council its accounting records and control systems;
 - ensures the accounting control systems are observed;
 - ensures the accounting records are kept up to date;
 - seeks economy, efficiency and effectiveness in the use of council resources; and
 - produces financial management information as required by the Council.
- 1.6. **The Council must not delegate any decision regarding:**
 - **setting the final budget or the precept (council tax requirement);**
 - **the outcome of a review of the effectiveness of its internal controls**

- **approving accounting statements;**
- **approving an annual governance statement;**
- **borrowing;**
- **declaring eligibility for the General Power of Competence; and**
- **addressing recommendations from the internal or external auditors**

this shall be a matter for the Full Council only.

1.7. In addition, the Council shall:

- determine and regularly review the bank mandate for all council bank accounts;
- authorise any grant or single commitment in excess of £5,000; and
- delegate any decision regarding writing off bad debts.

2. RISK MANAGEMENT AND INTERNAL CONTROL

- 2.1. The council must ensure that it has a sound system of internal control, which delivers effective financial, operational and risk management.**
- 2.2. The Clerk with the RFO shall prepare, for approval by the Finance Committee, a risk management assessment covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually.
- 2.3. When considering any new activity, the Clerk with the RFO shall prepare a draft risk assessment including risk management proposals for consideration by the council.
- 2.4. The Council shall prepare a detailed Internal Control Statement as an Appendix to the Financial Regulations. This will be reviewed and agreed annually alongside the Financial Regulations by the Council or Finance Committee.
- 2.5. The Council must review the effectiveness of its system of internal control annually alongside the Financial Regulations, before approving the Annual Governance Statement.**
- 2.6. The accounting control systems determined by the RFO must include measures to:**
 - **ensure that risk is appropriately managed;**
 - **ensure the prompt, accurate recording of financial transactions;**
 - **prevent and detect inaccuracy or fraud; and**
 - **allow the reconstitution of any lost records;**
 - **identify the duties of officers dealing with transactions and**
 - **ensure division of responsibilities.**
 - Procedures to ensure that uncollectible amounts, including any bad debts are not submitted to the Council for approval but are to be written off with the approval of the RFO and that the approvals are shown in the accounting records.

3. ACCOUNTS AND AUDIT

- 3.1. 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.
- 3.2. **The accounting records determined by the RFO must be sufficient to explain the Council's transactions and to disclose its financial position with reasonable accuracy at any time. In particular, they must contain:**
 - **day-to-day entries of all sums of money received and expended by the council and the matters to which they 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.
- 3.3. The accounting records shall be designed to facilitate the efficient preparation of the accounting statements in the Annual Governance and Accountability Return.
- 3.4. The RFO shall complete and certify the annual Accounting Statements of the council contained in the Annual Governance and Accountability Return in accordance with proper practices, as soon as practicable after the end of the financial year. Having certified the Accounting Statements, the RFO shall submit them (with any related documents) to the Council, within the timescales required by the Accounts and Audit Regulations.
- 3.5. **The Council must ensure that there is an adequate and effective system of internal audit of its accounting records and internal control system in accordance with proper practices.**
- 3.6. **Any officer or member of the council must make available such documents and records as the internal or external auditor consider 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.
- 3.7. The internal auditor shall be appointed by the council and shall carry out their work to evaluate the effectiveness of the council's risk management, control and governance processes in accordance with proper practices specified in the Practitioners' Guide.
- 3.8. The Council shall ensure that the internal auditor:
 - is competent and independent of the financial operations of the council;
 - reports to council in writing, or in person, on a regular basis with a minimum of one written report during each financial year;
 - can demonstrate competence, objectivity and independence, free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - has no involvement in the management or control of the council
- 3.9. Internal or external auditors may not under any circumstances:

- perform any operational duties for the council;
 - initiate or approve accounting transactions;
 - provide financial, legal or other advice including in relation to any future 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.
- 3.10. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as described in The Practitioners Guide.
- 3.11. 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 documents required by the Local Audit and Accountability Act 2014, or any superseding legislation, and the Accounts and Audit Regulations.
- 3.12. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

4. BUDGET AND PRECEPT

- 4.1. **Before setting a precept, the council must calculate its council tax requirement for each financial year by preparing and approving a budget, in accordance with The Local Government Finance Act 1992 or succeeding legislation.**
- 4.2. The Finance Committee shall review its yearly forecast of revenue and capital receipts and payments. Having regard to the forecast, it shall thereafter formulate and submit proposals for the following financial year to the council not later than the end of November each year including any proposals for revising the forecast.
- 4.3. The RFO 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 Finance Committee.
- 4.4. Unspent budgets for completed projects shall not be carried forward to a subsequent year. Unspent funds for partially completed projects may only be carried forward (by placing them in an earmarked reserve) with the formal approval of the full council.
- 4.5. Budgets for salaries and wages, including employer contributions shall be reviewed by the council at least annually in October for the following financial year and the final version shall be evidenced by a hard copy schedule signed by the Clerk and the Chair of the Council.
- 4.6. The draft budget including any recommendations for the use or accumulation of reserves, shall be considered by the Finance Committee and a recommendation made to the Council.
- 4.7. Having considered the proposed budget, the Council shall determine its council tax requirement by setting a budget.

- 4.8. **Any member with council tax unpaid for more than two months is prohibited from voting on the budget or precept by Section 106 of the Local Government Finance Act 1992 and must and must disclose at the start of the meeting that Section 106 applies to them.**
- 4.9. The RFO shall **issue the precept to the billing authority no later than the end of January** and supply each member with a copy of the agreed annual budget.
- 4.10. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.
- 4.11. Changes in earmarked reserves shall be approved by the Council as part of the budgetary control process.

5. PROCUREMENT

5.1. Contracts

- 5.1.1. Every contract shall comply with these the Council's Standing Orders and these Financial Regulations, and no exceptions shall be made, except in an emergency, provided that this regulation need not apply to contracts that 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 legal professionals acting indisputes;
 - 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 and RFO shall act after consultation with the Chairman and Vice Chairman of the council); and
 - vi. for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- 5.1.2. **For a contract for the supply of goods, services or works where the estimated value will exceed the thresholds set by Parliament, the full requirements of The Public Contracts Regulations 2015 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award and notification of that contract.**
- 5.1.3. Where the estimated value is below the Government threshold, the Council shall (with the exception of items listed in paragraph 5.1.8) obtain prices as follows:

- 5.1.4. For contracts estimated to be over £30,000 including VAT, the Council must comply with any requirements of the Legislation¹ regarding the advertising of contract opportunities and the publication of notices about the award of contracts.**
- 5.1.5. For contracts greater than £3,000 excluding VAT the Clerk or RFO shall seek at least 3 fixed-price quotes;
- 5.1.6. For smaller purchases, the Clerk or RFO shall seek to achieve value for money.
- 5.1.7. Contracts must not be split into smaller lots to avoid compliance with these rules.**
- 5.1.8. The requirement to obtain competitive prices in these regulations need not apply to contracts that relate to items (i) to (iv) below:
- i. specialist services, such as legal professionals acting in disputes;
 - ii. repairs to, or parts for, existing machinery or equipment;
 - iii. works, goods or services that constitute an extension of an existing contract;
 - iv. goods or services that are only available from one supplier or are sold at a fixed price.
- 5.1.9. When applications are made to waive this financial regulation to enable a price to be negotiated without competition, the reason should be set out in a recommendation to the council or Finance Committee. Avoidance of competition is not a valid reason.
- 5.1.10. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

5.2. Authority To Spend

- 5.2.1. Individual purchases within an agreed budget for that type of expenditure may be authorised by:
- i. the Clerk, under delegated authority, for any items below £1000 excluding VAT.
 - ii. the Clerk, in consultation with the Chair of the Council, for any items below £3,000 excluding VAT.
 - iii. A duly delegated committee of the council for all items of expenditure within their delegated budgets for items over £5000 excluding VAT;
 - iv. In respect of grants, a duly authorised committee within any limits set by Council and in accordance with any policy statement agreed by the council.
 - v. the Council for all items over £5,000;

¹ The Regulations require councils to use the Contracts Finder website if they advertise contract opportunities and also to publicise the award of contracts over £30,000 including VAT, regardless of whether they were advertised.

Such authorisation must be supported by a minute (in the case of Council or committee decisions) or other auditable evidence trail.

During a UK emergency (for example a pandemic) any unbudgeted spends by the Clerk (in consultation with the Chair and Vice Chair of the Council) will be documented via an officer decision list and published on the Council's website.

- 5.2.2. No individual member, or informal group of members may issue an official order unless instructed to do so in advance by a resolution of the council or make any contract on behalf of the Council.
- 5.2.3. No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of the council {or a duly delegated committee acting within its Terms of Reference} except in an emergency (except for spends made during Covid-19 Pandemic).
- 5.2.4. In cases of serious risk to the delivery of council services or to public safety on council premises, the Clerk may authorise expenditure of up to £5,000 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. The Clerk shall report such action to the Chair as soon as possible and to the council as soon as practicable thereafter.
- 5.2.5. No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless [the council] is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first.
- 5.2.6. All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.
- 5.2.7. An official order or letter 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, along with evidence of receipt of goods.
- 5.2.8. Any ordering system can be misused and access to them shall be controlled by the RFO.
- 5.2.9. **Members and officers are responsible for obtaining value for money at all times.** Any officer procuring goods, services or works should ensure, as far as practicable, that the best available terms are obtained, usually by obtaining prices from several suppliers or as set out in the Sustainable Procurement Policy. Although the Council should not be obliged to accept the lowest offer of tender, quote or estimate.

6. BANKING AND PAYMENTS

- 6.1. The Council's banking arrangements, including the bank mandate, shall be made by the RFO and authorised by the Council; banking arrangements shall not be delegated to a committee. The arrangements shall be reviewed regularly for security and efficiency.
- 6.2. The Council must have safe and efficient arrangements for making payments, to safeguard against the possibility of fraud or error. Wherever possible, more than

one person should be involved in any payment, for example by dual online authorisation or dual cheque signing. Even where a purchase has been authorised, the payment must also be authorised and only authorised payments shall be approved or signed to allow the funds to leave the council's bank.

- 6.3. All invoices for payment should be examined for arithmetical accuracy, analysed to the appropriate expenditure heading and verified to confirm that the work, goods or services were received, checked and represent expenditure previously authorised by the council before being certified by the RFO.
- 6.4. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of employment) may be summarised to avoid disclosing any personal information.
- 6.5. All payments shall be made by online banking/cheque, in accordance with a resolution of the council or duly delegated committee, or a delegated decision by an officer, unless the council or finance committee resolves to use a different payment method.
- 6.6. For each financial year the Clerk and the RFO may draw up a schedule of regular payments due in relation to a continuing contract or obligation (such as but not exclusively) Salaries, PAYE, National Insurance, Superannuation Fund, regular maintenance contracts and the like, which the council may authorise in advance for the year providing that all Budgetary Controls are adhered to and that a list of such payments shall be submitted to the next appropriate meeting of the Council or Finance Committee.
- 6.7. A copy of this schedule of regular payments made under 6.6 above shall be signed by two members on each and every occasion when payment is made - to reduce the risk of duplicate payments.
- 6.8. The Clerk and RFO shall have delegated authority to authorise payments only in the following circumstances:
 - i. any payments of up to £1000 excluding VAT, within an agreed budget.
 - ii. payments of up to £3,000 excluding VAT in cases of serious risk to the delivery of council services or to public safety on council premises.
 - iii. any payment necessary to avoid a charge under the Late Payment of Commercial Debts (Interest) Act 1998, and where the due date for payment is before the next scheduled meeting of the council, where the Clerk and RFO 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 or finance committee;
 - iv. an expenditure item authorised under 5.1.1 (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of the council or finance committee; or
 - v. fund transfers within the councils banking arrangements up to the sum of £50,000, provided that a list of such payments shall be submitted to the next appropriate meeting of council or finance committee.
- 6.9. The RFO shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting, together with the relevant invoices, to the council or

finance committee. The council or committee shall review the schedule for compliance and, having satisfied itself, shall authorise payment by resolution. The authorised schedule shall be initialled immediately below the last item by the person chairing the meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of that meeting.

- 6.10. The exception to this is during a UK emergency, where all payments will be approved at a monthly virtual Council meeting which will then be signed at a later date. A detailed list of all payments shall be disclosed within the meeting or attached to the minutes of the meeting at which the payments were authorised.

7. ELECTRONIC PAYMENTS

- 7.1. The Council will make safe and efficient arrangements for the making of payments.
- 7.2. Following authorisation, the Council, a duly delegated committee, or if so delegated, the Clerk or RFO shall give instructions that payment shall be made.
- 7.3. All payments shall be affected by BACs or other instructions to the council's bankers, or otherwise, in accordance with a resolution of the council or duly delegated committee.
- 7.4. Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate agreed by the Council shall identify the councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process.
- 7.5. No employee or councillor shall disclose any PIN or password, relevant to the council or its banking, to anyone not authorised in writing by the council or a duly delegated committee.
- 7.6. The RFO shall set up all items due for payment online. A full list of all payments made in a month via BACs shall be provided to the next council meeting and appended to the minutes.
- 7.7. In the prolonged absence of the RFO an authorised signatory (Clerk or Deputy Clerk) shall set up any payments due before the return of the RFO.
- 7.8. With the approval of the council, regular payments (such as gas, electricity, telephone, broadband, water, National Non-Domestic Rates, refuse collection, pension contributions and HMRC payments may be made by variable direct debit. The approval of the use of each variable direct debit shall be reviewed by the Finance Committee at every two years.
- 7.9. If thought appropriate by the council payment for certain items may be made by BACS or CHAPS. The approval of the use of BACS or CHAPS shall be renewed by resolution of the Finance Committee at every two years.
- 7.10. If thought appropriate by the council, regular payments of fixed sums (principally salaries) may be made by standing order. The approval of the use of standing orders shall be reviewed by the Finance Committee every two years.
- 7.11. Account details for suppliers may only be changed upon written notification by the supplier and supported by hard copy authority for change signed by the RFO. A programme of regular checks of standing data with suppliers will be followed.

- 7.12. Members and officers shall ensure that any computer used for the council's financial business has adequate security, with anti-virus, anti-spyware and firewall software installed and regularly updated.
- 7.13. Access to any internet banking accounts will be made directly to the access page. Remembered password facilities should not be used on any computer used for council banking.

8. CHEQUE PAYMENTS

- 8.1. Cheques or orders for payment in accordance with a resolution or delegated decision shall be signed by two members.
- 8.2. A signatory having a family or business relationship with the beneficiary of a payment shall not, under normal circumstances, be a signatory to that payment.
- 8.3. To indicate agreement of the details on the cheque with the counterfoil and the invoice or similar documentation, the signatories shall also initial the cheque counterfoil and invoice.
- 8.4. Cheques or orders for payment shall not normally be presented for signature other than at, or immediately before or after a council meeting. Any signatures obtained away from council meetings shall be reported to the council or Finance Committee at the next convenient meeting.

9. PAYMENT CARDS

- 9.1. Any Debit Card issued for use will be specifically restricted to the Clerk and the RFO and will also be restricted to a single transaction maximum value of £2000 unless authorised by council or finance committee in writing before any order is placed.
- 9.2. A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the Finance Committee. Transactions and purchases made will be reported to the council and authority for topping-up shall be at the discretion of the council.
- 9.3. Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk, and RFO, Deputy Clerk, Operations Manager, Office Manager and any balance shall be paid in full each month.
- 9.4. Fuel cards for work vehicles are restricted to use by Operations Staff individually, each with a set monthly limit of £250 which is paid in full each month. The RFO reviews the fuel spending as part of the council's monthly expenditure.

10. PETTY CASH

- 10.1. The RFO shall maintain a petty cash float of £150 and may provide petty cash to officers for the purpose of defraying operational and other expenses.
 - a) Vouchers for payments made from petty cash shall be kept, along with receipts to substantiate every payment.
 - b) Cash income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.

- c) Payments to maintain the petty cash float shall be shown separately on any schedule of payments presented for approval.

11. PAYMENT OF SALARIES AND ALLOWANCES

- 11.1. **As an employer, the council must make arrangements to comply with the statutory requirements of PAYE and NI legislation.**
- 11.2. Salary rates shall be agreed by the council. No changes shall be made to any employee's gross pay, emoluments, or terms and conditions of employment without the prior consent of the council or Finance Committee.
- 11.3. Payment of salaries shall be made, after deduction of tax, national insurance, pension contributions and any similar statutory or discretionary deductions, on the dates stipulated in employment contracts.
- 11.4. Deductions from salary shall be paid to the relevant bodies within the required timescales, provided that each payment is reported, as set out in these regulations above.
- 11.5. Each payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a payroll control account or other separate confidential record, with the total of such payments each calendar month reported in the cashbook. Payroll reports will be reviewed by the Full Council to ensure that the correct payments have been made.
- 11.6. Any termination payments shall be supported by a report to the council, setting out a clear business case. Termination payments shall only be authorised by the Full Council.
- 11.7. Before employing interim staff, the council must consider a full business case.

12. LOANS AND INVESTMENTS

- 12.1. Any application for Government approval to borrow money and subsequent arrangements for a loan must be authorised by the full council and recorded in the minutes.
- 12.2. All loans and investments will be negotiated in the name of the Council and shall be for a set period in accordance with council policy.
- 12.3. Any financial arrangement which does not require formal borrowing approval from the Secretary of State such as Hire Purchase, Leasing of tangible assets or loans to be repaid within the financial year must be authorised by the full council, following a written report on the value for money of the proposed transaction.
- 12.4. The Council shall consider the requirement for an Investment Strategy and Policy in accordance with Statutory Guidance on Local Government Investments, which must be written in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the Finance Committee or the Council at least annually.
- 12.5. All investment of money under the control of the council shall be in the name of the council.

- 12.6. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 12.7. Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, shall be made in accordance with these regulations.

13. INCOME

- 13.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 13.2. The council will review all fees and charges for work done, services provided, or goods sold at least annually as part of the budget-setting process. The RFO shall be responsible for the collection of all amounts due to the council.
- 13.3. Any sums found to be irrecoverable, and any bad debts shall be reported to the council by the RFO and shall be written off in the year. The council's approval shall be shown in the accounting records.
- 13.4. All sums received on behalf of the council shall be deposited intact with the council's bankers, with such frequency as the RFO considers necessary. The origin of each receipt shall clearly be recorded on the paying-in slip or other record.
- 13.5. Personal cheques shall not be cashed out of money held on behalf of the council.
- 13.6. The RFO shall ensure that VAT is correctly recorded in the council's accounting software and that any VAT Return required is submitted from the software (at least annually coinciding with the financial year-end) by the due date in accordance with VAT Act 1994 Section 33.
- 13.7. Where significant sums of cash are regularly received by the council, the RFO shall ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control record such as ticket issues, and that appropriate care is taken for the security and safety of individuals banking such cash.

14. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 14.1. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments, which shall be made within the time specified in the contract based on signed certificates from the architect or other consultant engaged to supervise the works.
- 14.2. Any variation of, addition to or omission from a contract must be authorised by the Clerk to the contractor in writing, with the council being informed where the final cost is likely to exceed the contract sum by 5% or more, or likely to exceed the budget available.

15. STORES AND EQUIPMENT

- 15.1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.

- 15.2. 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.
- 15.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 15.4. The Operations Manager shall be responsible for periodic checks of stocks and stores, at least annually.

16. ASSETS, PROPERTIES AND ESTATES

- 16.1. The Clerk shall make arrangements for the safe custody of all title deeds and Land Registry Certificates of properties held by the council.
- 16.2. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date, with a record of all properties held by the council, their 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.
- 16.3. The RFO shall ensure that an appropriate and accurate Asset Register and Investments is kept up to date. The continued existence of tangible assets shown in the Asset Register shall be verified at least annually.
- 16.4. No interest in land 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. In each case a written report shall be provided in respect of valuation, 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 required by law).
- 16.5. 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, except where the estimated value of any one item does not exceed £1000.

17. INSURANCE

- 17.1. The RFO shall keep a record of all insurances effected by the council and the property and risks covered, reviewing these annually before the renewal date in conjunction with the council's review of risk management.
- 17.2. 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.
- 17.3. The RFO shall be notified of any loss, liability, damage or event likely to lead to a claim, and shall report these to the council at the next available meeting. The RFO in consultation with the Clerk shall negotiate all claims on the council's insurers.
- 17.4. 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, or duly delegated committee.

18. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

- 18.1. The council shall review these Financial Regulations annually as per the Council's Constitution and following any change of Clerk or RFO. The Clerk shall monitor changes in legislation or proper practices and advise the council of any need to amend these Financial Regulations.
- 18.2. The council may, by resolution 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 presented to all members. Suspension does not disapply any legislation or permit the council to act unlawfully.
- 18.3. The Council may temporarily amend these Financial Regulations by a duly notified resolution, to cope with periods of absence, local government reorganisation, national restrictions or other exceptional circumstances.

Appendix 1 - Tender process

- 1) Any 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.
- 2) The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post or via email address to the Clerk's email address only before expiry of the deadline for submission.
- 3) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one other officer of the Council.
- 4) Any invitation to tender issued under this regulation shall be subject to Financial Regulations and shall refer to the terms of the Bribery Act 2010.
- 5) Where 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, 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.

Appendix 2 – Statement of Internal Control

1 GENERAL:

- 1.1. The RFO role for is carried out by one individual who is part-time.
- 1.2. The following abbreviations have been used: RFO – Responsible Financial Officer, NALC – National Association of Local Councils, SLCC – Society of Local Council Clerks. The Council – The Council.

2 CASH BOOK/BANK RECONCILIATIONS

- 2.1. The cash book is kept electronically using RBS Accounting Software, maintained up to date from original documents (such as invoices, payments and cheques) and online bank transactions.
- 2.2. The cash book is reconciled to the bank statement at least monthly.
- 2.3. The Council has one current account with the HSBC Bank, a Premier Account with HSBC and a Public Sector Account with the CCLA.
- 2.4. A summary of reconciled accounts is presented at each Full Council Meeting.
- 2.5. Annually, or more frequently, the cash book, payments and receipts and bank reconciliation are reviewed and approved by one, or more, members of the Finance Committee of the Parish Council, with reference to the underlying records (bank statements, minutes, copies of relevant accounting papers etc.).
- 2.6. The bank reconciliation is reported quarterly, and minuted as such.
- 2.7. A short summary of the latest financial position is reported as part of the Finance Report at each Full Council meeting and can be traced back to the expenditure approved in the previous meeting via the expenditure lists.

3 FINANCIAL REGULATIONS

- 3.1. The Parish Council has adopted Financial Regulations, based on the model version prepared by NALC/SLCC. The regulations are reviewed annually for continued relevance and amended where necessary by the Clerk and RFO with any proposed amendments subject to approval by the Council or Finance Committee.
- 3.2. The Financial Regulations of the Council specify the number of estimates, quotes or full tenders that must be invited depending on the value and nature of the work.
- 3.3. Official orders/letters are sent to suppliers for services which are not regular in nature.
- 3.4. At least once in each quarter, and at each financial year end, a member other than the Chair or bank mandate signatory shall be appointed to verify bank reconciliations for all accounts produced by the RFO. The member shall sign and date the reconciliations and the original bank statements as evidence of this. This activity, including any exceptions, shall be reported to and noted by the Finance Committee/Full Council.

4 PAYMENT CONTROLS

- 4.1. Depending on the nature of the supply, and following checks with Councillors if appropriate, the RFO signs the purchase invoice to indicate that the supply has been received, that the supply has not previously been paid and that the invoice calculations are correct.
- 4.2. Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable.
- 4.3. Payments will be entered into accounting software (RBS Software)
- 4.4. Every payment has a unique sequential transaction number which is matched to the payment invoice and the corresponding transaction on the bank statement.
- 4.5. The expenditure is to be authorised by two Councillors for payment. If a payment is not within budget and Finance Committee authority, then the item will be referred to the next Council meeting/Finance Committee meeting for approval. The signed payment list is recorded with the minutes.
- 4.6. Original invoices are available to the Councillors at the council meetings, and in particular to those signing the cheques or authorising online payments according to the Council's bank mandate.
- 4.7. Cheques will be signed by two Councillors, who are authorised to sign according to the Council's bank mandate.
- 4.8. The Council mostly uses an online banking system, for the purpose of making payments and viewing statements. Payments are set up by the RFO and authorised by two Councillors having the appropriate bank mandate authority, once the payment list has been printed out to view.
- 4.9. All authorised signatories can request to view the Council's bank accounts at any time.
- 4.10. The RFO always maintains control of the cheque book, cheques will only be issued and signed for payments approved at Council or Finance Committee meetings.
- 4.11. When invoices are paid by cheque, they are identified by the cheque number and referenced in the cashbook by the cheque's number, as well by the unique identifier. This is cross checked with the bank statements.
- 4.12. The RFO is in possession of HSBC debit card with a limit of £2000. The Clerk is authorised to make necessary payments using the card

5 VAT REPAYMENT CLAIMS

- 5.1. The RFO ensures that all invoices are addressed to the Council and have the correct corresponding site address.
- 5.2. The RFO ensures that proper VAT invoices are received where VAT is payable.
- 5.3. VAT is calculated and processed for reclaim quarterly and submitted electronically.

6 INCOME CONTROLS

- 6.1. The RFO ensures that the amount of the precept received is correct in accordance with the precept request sent to the Eastleigh Borough Council (EBC).
- 6.2. The RFO ensures that the precept instalments are received when due.
- 6.3. The RFO ensures that other receipts (e.g., deposit interest, rents etc.) are received when due and correctly calculated.
- 6.4. Receipts are issued for cash received. Receipt numbers are recorded against payments received.
- 6.5. Income is banked promptly.

7 FINANCIAL REPORTING

- 7.1. A budget review, comparing actual receipts and payments to the budget and the previous year is prepared on a quarterly basis, presented to the Full Council in advance of the meeting and minuted.
- 7.2. The budget is prepared in consultation with the Councillors, as evidenced by reports and minutes in advance of the start of the year.
- 7.3. The precept is set based on the budget and by the deadline set by Eastleigh Borough Council

8 PAYROLL CONTROLS

- 8.1. All staff salaries, pensions and PAYE are managed by the RFO using SAGE payroll software.
- 8.2. PAYE submissions to HRMC are made automatically through the payroll software
- 8.3. Pensions submissions are calculated and paid across to Hampshire Pensions
- 8.4. The salaries are paid by online by BACS.
- 8.5. The RFO ensures that all the necessary payroll returns are made to HMRC and retains evidence that this has been done.
- 8.6. All salaries, pensions, PAYE and NI payments are signed off at Council Meetings as part of the payment list.

9 OFFICER AND OPERATIVE EXPENSES

- 9.1. All personal expenses made on behalf of the Council are pre-approved by the Clerk, RFO or Operations Manager and are normally paid by BACs - invoices or receipts are kept for accounting purposes. Personal expenses are kept to a minimum, with most expenses paid using Officer debit/credit cards.

10 ASSET CONTROL

- 10.1. The RFO maintains a full Asset Register which is reviewed annually.
- 10.2. The existence and condition of assets is checked on an annual basis by members of the Parish Council.
- 10.3. The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.

11 BACKUP AND DATA LOSS PREVENTION

- 11.1. The Council's accounting system Rialtas, is Cloud based, which backs-up daily to prevent data loss
- 11.2. Hardcopies of bank statements, bank reconciliations, Annual and Governance Reports are kept in fireproof cabinets for the prescribed period as per the agreed Disposal and Retention of Information Policy.