Financial Regulations – Proposed July 2023

General

1. These regulations shall govern the conduct of the financial transactions of Corfe Castle Parish Council and may only be amended or varied by resolution of that Council.
2. The responsible financial officer, under the policy direction of the Council's Finance Working Group, shall be responsible for the proper administration of the Council's financial affairs. The Clerk to the Parish Council is designated the Responsible Financial Officer and all references in these regulations are to the Clerk as Responsible Financial Officer.
3. The Clerk shall be responsible for the production of financial management information.
4. On 8 February 2021, the Council decided that its business should be conducted through working groups and that there are no standing Committees. However, there will be a standing Finance Working Group for the preparation of the budget and any other financial issues referred to it by the Council.
5. The financial year runs from 1 April to 31 March.

Annual Estimates

6. The Finance Working Group may require any other Working Group/Committee to formulate and submit proposals for major expenditure or major variation in routine expenditure for the following year, not later than the end of November each year.
7. Estimates of routine income and expenditure, capital and major projects, and provisions for future expenditure shall be prepared each year by the Finance Working group
8. The Finance Working Group shall submit the estimates to the Council not later than its January meeting in each year and shall recommend the precept to be levied for the ensuing financial year. The Clerk shall supply each Member of the Council with a copy of the approved estimates.
9. The annual budget shall form the basis of financial control for the ensuing year.

Budgetary Control

10. All expenditure, except for minor items from a Prepaid Card, shall be authorised by Council. The Clerk may incur expenditure on essential items up to £500 an item and the total not exceeding £500 in any month and the expenditure will be reported to the following Council meeting. Urgent expenditure up to the equivalent value of 5% of Precept may be authorised by the Clerk with the agreement of the Chairman and Vice-Chairman, but this shall be reported to the next meeting of the Council, together with a reason for the emergency.
11. In the event of the council not being able to meet for the monthly meeting, or not being quorate, the Clerk will have delegated powers to authorise with approval from the Chairman and Vice-Chairman or in their absence 2 other members of council, any reoccurring expenses.
12. Any motion seeking expenditure on a new initiative above the de minimis limit which had not been identified in the approved budget shall be referred to the Finance working group for comment and reporting to the following Council. The de minimis limit is set at 1% of the precept whichever is the least. This provision can be waived if a majority of the Council resolve that the matter is urgent.
13. The Clerk shall periodically provide the Council Finance Working Group with a statement of receipts and payments to date under each head of the approved annual budget.
14. No expenditure shall be incurred, and no contract entered into or tender accepted unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval can be obtained.

Accounting and Audit

15. All accounting procedures and financial records of the Council shall be determined by the Clerk as required by the Accounts and Audit Regulations 2003.
16. The Clerk shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them to and report thereon to the Finance Working Group and Council.

17. The Clerk shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 2003 as amended or set by the Auditor.
18. The Clerk shall be responsible for maintaining an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with regulation 6 of the Accounts and Audit Regulations 2003. Any officer or member of the Council shall, if the Internal Auditor requires, make available such documents of the Council which appear to the Internal Auditor to be necessary for the purpose of the internal audit and shall supply the Internal Auditor with such information and explanation as the Internal Auditor considers necessary for that purpose.
19. The Internal Auditor shall carry out the work required by the Clerk, or by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
20. The Clerk shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 2015.
21. The Clerk shall, as soon as practicable, bring to the attention of all councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative matter.

Banking Arrangements

22. The Council's banking arrangements shall be made by the Clerk and approved by the Finance Working Group. It will be normal for two accounts to be maintained, a cheque account and a deposit account.
23. The Clerk shall aim to manage the bank account(s) to minimise charges and maximise interest. The Clerk shall keep bank services, charges and interest rates under review and will report to the Finance Working Group if he/she considers that a more favourable arrangement in the long-term can be found elsewhere.
24. A schedule of the payments required shall be prepared by the Clerk and, together with the relevant invoices, be presented to the Council during the monthly meetings.

Payment of Accounts

25. All invoices for payment shall be examined, verified, and certified by the Clerk. Before certifying an invoice, the Clerk shall satisfy their-self that the work, goods, or services to which the invoice relates have been received, carried out, examined, and approved. The Clerk shall also examine them in relation to arithmetical accuracy and shall allocate them to the appropriate expenditure head. The Clerk shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt. Except in an emergency, or where previously and specifically authorised by resolution of the Council, invoices shall be presented for payment to the next Council meeting. All payments thus made shall be minuted and entered in the receipts and payments schedule.
26. If thought appropriate by the council, payment for utility supplies (energy, telephone, and water) and any National Non-Domestic Rates may be made by variable Direct Debit (DD) provided that the instructions are signed by two members and any payments are reported to council as made.
27. If thought appropriate by the council, payment for certain items may be made by banker's Standing Order (SO), Internet banking transfer – 1. Faster Payment Outwards (FPO), 2. Bankers Automatic Clearing Services (BACS), 3. Clearing House Automatic Payments Services (CHAPS) provided that the instructions are signed, or otherwise evidenced by two members and are retained and any payments are reported to council as made.
28. If thought appropriate by the council, payment for certain items may be made by cheque. Cheques shall be signed by two Members of the Council and be authorised according to Regulation 9. To indicate

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

29. The approval of the use of a variable Direct Debits, Standing Orders, Internet banking transfers shall be renewed by resolution of the council annually.
30. The Clerk shall create a business continuity plan for approval by the Council for anticipated risks such as for the operations and financial business.
    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.
31. Where internet banking arrangements are made with any bank, the Clerk 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 clearly state 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.
32. 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.
33. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the Clerk. A programme of regular checks of standing data with suppliers will be followed.
34. The council will not maintain any form of cash float. All cash received must be banked intact. Any small payment made by the Clerk will be from a Council owned Prepaid card which will be refunded monthly.

Payment of Salaries and Wages

35. 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.

Loans and Investments

36. 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.
37. Any financial arrangement which does not require formal borrowing approval from the Secretary of State (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 having regard to the Council's policy on the climate change emergency.
38. 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.
39. 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.
40. All investments of money under the control of the council shall be in the name of the council.

Income

41. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Clerk. Individual Members of the Council may collect sums due, but it remains the responsibility of the Clerk to ensure that this is carried out in accordance with these regulations and any appropriate resolutions of the Council.
42. The Council will review all fees and charges as appropriate.

43. Any bad debts shall be reported to the Finance Working Group or the Council.
44. All sums received on behalf of the Council shall be paid to the Clerk for banking. In all cases all receipts shall be deposited with the Council's bankers as soon as is practicable.
45. A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying in slip.
46. Personal cheques shall not be cashed out of money held on behalf of the Council.
47. The Clerk shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
48. No significant sums of cash are regularly received by the Council, but in the rare circumstances that the Council receives a significant sum of cash, the Clerk shall take steps to ensure that more than one person is present when the cash is counted in the first instance and that appropriate care is taken in the security and safety of individuals banking such cash.

Orders for Work, Goods and Services

49. 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.
50. Order books shall be controlled by the Clerk.
51. All members and officers are responsible for obtaining value for money at all times, having regard to the Council's policy on the Climate change emergency an officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction.
52. A member may not issue an official order or make any contract on behalf of the council.
53. The Clerk shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the Clerk shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the minutes can record the power being used.

Contracts

54. 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 this regulation need 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, 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 shall act after consultation with the Chairman and Vice Chairman of council); and

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[i].

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).

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 in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.

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. 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 shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £1,000 the Clerk shall strive to obtain 3 estimates. Where the value is below £1,000 one estimate shall suffice.

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

i. If the council, or duly delegated Working Group / Committee, does not accept any tender, quote or estimate, or the work is not allocated and the council requires further pricing, then 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.

Payments Under Contracts for Building or Other Construction Works

55. Payments on account of the contract sum shall be made within the time specified in the contract upon authorised certificates of the architect or other consultants engaged to supervise the contract.

56. Where contracts provide for payment by instalments the Clerk shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the appropriate Working Group / Committee.

57. Any variation to a contract or addition to or omission from a contract must be approved by the Clerk in writing, following resolution of the Council or, if previously authorised, by resolution of the appropriate Committee, to accept that variation, addition, or omission.

Stores and Equipment

58. The Clerk shall be responsible for the care and custody of stores and equipment. A similar duty shall be placed on Members of the Council having custody of particular stores or equipment.

59. Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regards quality at the time delivery is made.

60. Stocks shall generally be maintained at the minimum levels consistent with operational requirements.

61. The Finance Working Group or internal auditor may at any time carry out a check of all stocks and stores.

Properties and Estates

62. The clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk shall ensure a record is maintained of all property 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 regulation ***5***(3)(b) of the Accounts and Audit Regulations 2003 (“the Asset Register”).

63. No property shall be sold, leased or otherwise disposed of without the authority of the Council.

Insurance

64. The Clerk shall affect all insurances and negotiate all claims on the Council's insurers in consultation with the appropriate Working Group / Committee.

65. The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

66. The Clerk shall be notified of any loss, liability, or damage, or of any event likely to lead to a claim, all new risks which require to be insured and of any alterations affecting existing insurances.
67. All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

Risk Management

68. The Council shall monitor risk in respect of its activities as appropriate and, as directed by the Council, the Clerk shall prepare and promote risk management policy statements in respect of those activities.
69. When considering any new activity, the Clerk shall prepare a draft risk management policy for the activity and shall report the legal and financial liabilities and risk management issues that arise to Council for consideration and, if thought appropriate, adoption.

Revision of Financial Regulations

70. It shall be the duty of the Clerk and or Finance Working Group to review the financial regulations of the Council from time to time and to make such recommendations to the Council as the Working Group considers are required.

Temporary replacement of the Clerk

70. In exceptional circumstances when the Clerk is unable to carry out his or her duties due to incapacity then the role of the Clerk can temporarily be taken on by a Councillor (unpaid) after consultation with the Chairman and Vice Chairman. Alternatively, the Council may hire the services of a locum Clerk after approval by the Chairman and Vice Chairman.
71. Should the Clerk be unable to work at short notice, to enable continuity in the services the Council supply and receive the Clerk may write down any usernames & password / security question answers. The information should be enclosed in two sealed envelopes with one stored with the Chairman and the second with the Vice Chairman. One envelope to contain usernames and the second envelope to contain passwords / security question answers.

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[i]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.