



Beaudesert & Henley in Arden

Joint Parish Council

Finance Regulations

Document Reference JPC-2021-10010

Author	Chair Finance Committee
First Adopted	06.09.2021 JPC Finance Meeting, Item 10.6 on agenda.
Rev.1	This copy
Rev. 2	
Rev. 3	
Rev. 4	
Rev. 5	
Rev. 6	

These Regulations encompass the governance of the activities and administration of the body council [JPC], the Clerk/RFO and, where appropriate, such associated and subordinate committees as the Council shall appoint in order to advise and recommend guidance in financial matters. The Accounts and Audit Regulations 2015 [as amended 2021].

BEAUDESERT & HENLEY IN ARDEN JOINT PARISH COUNCIL
FINANCIAL REGULATIONS

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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 orders¹ 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 Clerk has been appointed Responsible Financial Officer (RFO) and holds a statutory office; these regulations will apply accordingly.

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;
- determines on behalf of the council its accounting records and accounting control systems;
- ensures the accounting control systems are observed;
- maintains the accounting records of the council up to date in accordance with proper practices;

- assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
- produces financial management information as required by the council.

1.10. The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO 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 the RFO shall in particular contain:

- entries from day to day of all sums of money received and expended by the council and the matters to which the income and expenditure or receipts and payments account relate;
- a record of the assets and liabilities of the council; 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 RFO shall include:

- procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
- procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
- 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 uncollectable amounts, including any bad debts are not submitted to the council for approval to be written off except with the approval of the RFO and that the 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 will give consideration to all grant application made to them provided it meets with the criteria set out in the **Grants Application Terms & Conditions Form JPC-2021-10023**.

- determine and keep under regular review the bank mandate for all council bank accounts;

- approve any grant or a single commitment to a maximum of **£8,000.00**; and
- in respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant 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, and then in force unless otherwise specified.

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

2. Accounting and audit (internal and external)

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

2.2. The RFO will provide a monthly budget tracking summary statement [**JPC-2021-10024-mm/yyyy**] based on reconciled accounts **to the date of publication**. The statement will be signed off by both the RFO and the Chair of the Council. This activity shall on conclusion be reported, including any exceptions, to and noted by the full council.

2.3. 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.

2.4. The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.

2.5. The internal auditor shall be appointed at the JPC Annual Meeting and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.

2.6. 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

2.7. 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.

2.8. 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.

2.9. 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.

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

3. Annual estimates (budget) and forward planning

3.1. The 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 [relevant committee and the] council.

3.2. The council shall consider annual budget proposals, prepared by the RFO and the Chair of the Council, in relation to the council's **twelve-month forecast** of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.

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

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

4. Budgetary control and authority to spend

4.1. Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. This authority is to be determined by:

- the council for all items over **£500.00**;
- the Clerk/RFO, for expedient and unplanned expenditure on items up to a maximum of **£750.00** in any one month, and in conjunction with the Chair, up to a maximum of **£1,000.00** in any month, expenditure in excess of these levels will be;
 - a] be made the subject of a recommendation by the Finance Committee and;
 - b] approved by full council.

Such authority is to be evidenced by a minute or by an authorisation slip duly signed by the Clerk, and where necessary also by the appropriate Chair.

Contracts may not be disaggregated to avoid controls imposed by these regulations.

4.2. The salary budgets are to be reviewed at least annually in [October] for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chair 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.

4.3. In cases of extreme risk to the delivery of council services, the clerk may authorise revenue expenditure on behalf of the council which in the clerk's judgement it is necessary to carry out. Such expenditure includes repair, replacement, or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of **£750.00**. The Clerk shall report such action to the Chair as soon as possible and to the council as soon as practicable thereafter.

4.4. No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the council is satisfied that the necessary funds are available, and the requisite borrowing approval has been obtained.

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

4.6. Changes in earmarked reserves shall be approved by council as part of the budgetary control process. Refer to **Reserves Policy Document JPC-2021-10021**.

5. Banking arrangements and authorisation of payments

5.1. The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council [or finance committee]. The council / committee shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council [or finance committee]. The approved schedule shall be ruled off and initialled by the Chair of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses, and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

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

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

5.4. The Clerk/RFO shall have delegated authority to authorise the payment of items only 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 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];

b) An expenditure item authorised under 5.5 below, provided that a list of such payments shall be submitted to the next appropriate meeting of council [or finance committee]; or

5.5. 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 to include Salaries, PAYE, NI, and Pension Scheme Contributions, and regular maintenance contracts and the like for which council [,or a duly authorised committee,] may authorise payment for the year provided that the requirements of regulation 4.1 are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of council.

5.6. In respect of grants a duly authorised committee shall make recommendations for expenditure and will provide evidence of the need for such expenditure by presenting a signed and completed grants application [**Grants Application Terms & Conditions Form JPC-2021-10023**]. Any Revenue or Capital Grant will be limited to £8,000 and shall before payment, be subject to ratification by resolution of the council.

5.7. Members are subject to the Code of Conduct [**Document JPC-2021-10011**] that has been adopted by the council and shall comply with the Code and Standing Orders [**JPC-2021-10012**] 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.

5.8. 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.

6. Instructions for the making of payments

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

6.2. Following authorisation under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the Clerk/RFO shall give instruction that a payment shall be made.

6.3. All payments shall be affected by bank transfer in accordance with a resolution of full council. The Council should maintain a cheque book for non-transferable payments and evidence of the date the payment was made, the amount and the payee recorded and entered on to the Council software as is the case with all electronic bank transfers.

6.4. 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.

6.5. The JPC accountancy software package [presently EDGE-IT] automatically backs-up all records on a continuous and ongoing basis.

6.6. The Clerk/RFO must ensure that the PC used for accounts and administration purposes embraces anti-virus, anti-spyware, and firewall software with automatic updates, together with a high level of security, and that they are regularly updated.

6.7. Where internet banking arrangements are made with any bank, the Clerk/RFO 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.

6.8. Any corporate credit card used by the council will be specifically restricted to use by the Clerk/RFO or Chair of the Council and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances.

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 salary rates shall be as agreed by council, or duly delegated committee.

7.2. Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to 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] [relevant 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 and 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. In the event of the JPC wishing to arrange a loan, or loans, which must be to the entire satisfaction of the electorate through public consultation, shall clearly indicate the terms of the loan and any affect this may have on setting the precept and thus the contributions made by the electorate to the local authority.

8.3 Subsequent to approval by public consultation, all aspects of the loan(s) will first be the subject of debate by the Finance Committee and that there recommendations be taken to the full body council for ratification and duly minuted.

8.4. 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 to such loans shall be retained in the custody of the RFO.

8.8. Payments in respect of short term or long-term investments and/or loans, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 herein.

9. Income

9.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the Clerk/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 Clerk/RFO who will be responsible for the collection of all accounts due to the council.

9.3. The council will review all income from allotments and renting of premises {Henley Medical Centre] in October each year in readiness for the calculation of the budget and therefore the precept for submission to the local authority, following a report prepared by the Clerk.

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

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

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

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

9.8. The 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 the end of each quarter coinciding with the financial year end.

9.9. Where any significant sums of cash are regularly received by the council, the RFO shall take such steps as are agreed by the council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10. Orders for work, goods, and services

10.1. An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained.

10.2. All members and officers are responsible for obtaining value for money at all times. 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, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 below.

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

10.4. 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. Services. The JPC do not operate any premises for conducting their business, save those which are hired for that purpose. Therefore, they are not liable for services of any nature.

11.2 The Clerk's Offices. A separate agreement and contract shall be submitted to full Council for the provision of office space in which the council conducts its business and on approval a signed agreement will be recorded and minuted, with signed copies retained by the Clerk and the Council. The nature and cost of such agreements to be reviewed either annually or if the current Clerk serves the Council with a notice to resign.

11.3 Contractors: The JPC currently have two Contractors, namely:

11.3.1 WS Gardens Limited [**Contract Document JPC-2021-10021**] and;

11.3.2 Colin Harrison – Town Pride Handyman [**Contract Document JPC-10022**]

The contract period for both will run from commencement date on signed document, and subject to an ongoing review, culminating no than nine months from onset, and then, subject to full council ratification, be renewed no later than twelve months from onset. In respect of the Contractor [**JPC-10022**], the Clerk using his delegated spending power, will on occasion, reimburse the Contractor for any materials supporting the work agreed at Council. Expenditure in excess of the Clerk's remit of **£750.00**, must be approved by Council and **paid directly** to the supplier of the materials requested by the Contractor.

12. Stores and equipment

12.1. The JPC have provision for storage [13 Whitley Road] where such items as materials to support projects may be stored. The insurance underwriting the Council's activities, shall be reviewed as the nature and value of items sored vary and adequate risk liability cover be in place.

12.1. The Clerk shall be responsible for the care and custody of stores and equipment.

12.2. Stocks shall be kept at the minimum levels consistent with operational requirements.

12.3. The RFO shall be responsible for periodic checks of stocks and stores at least annually.

13. Assets, properties, and estates

13.1. The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the council. The RFO shall ensure a record is maintained of all properties held 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. 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, possibly in conjunction with a health and safety inspection of assets. THE ASSETABLE VALUE OF ALL ITEMS, INCLUDING LAND AND EQUIPMENT will be adjusted ONLY by the addition of newly acquired assets entered at their purchase value.

14. Insurance

14.1. Following the annual risk assessment, Regulation 17, the RFO shall effect all insurances and negotiate all claims on the council's insurers, in consultation with the Clerk.

14.2. The Clerk/RFO shall give prompt notification to the Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

14.3. The Clerk/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 Clerk will notify the Council 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. The Clerk 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 at the Annual Meeting of the council.

15. Risk management

The council is responsible for putting in place arrangements for the management of risk. The Clerk/RFP shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.

16. Suspension and revision of Financial Regulations

16.1. It shall be the duty of the council to review the Financial Regulations of the council at the Annual Meeting. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the council of any requirement for a consequential amendment to these Financial Regulations.

16.2. The council may, by resolution of the council duly notified prior to the Annual 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.



17.00 Signatories to Document

This document has been prepared by the Clerk/RFO, the Chair of the JPC and the Chair of the Finance Committee, and will be duly signed and adopted by the JPC on ratification at the said Council Meeting following:

Date of Meeting adopting these Financial Regulations

Authorised Signatories:

Clerk/RFO Name:.....

Signature.....

Chair of the JPC, Name.....

Signature.....

Chair of the JPC Finance Committee Name.....

Signature.....

Next review and re-adoption date.....

*** JPC Standing Orders [**JPC-2021-10012**] & JPC Code of Conduct [**JPC-2021-10011**]