**DYRHAM AND HINTON PARISH COUNCIL**

**FINANCIAL REGULATIONS**

**AGREED 27th May 2021 – agenda item 5**

**1. GENERAL**

1.1 These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.

1.2 The Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.

1.3 The Clerk/RFO shall be responsible for the production of financial management information.

1.4 The Council shall be responsible for ensuring that the financial management is adequate and effective and that the Council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk.

1.5 The Council shall review at least once a year the effectiveness of its systems of internal controls and shall produce a statement on internal control with its statement of accounts.

**2. ANNUAL ESTIMATES**

2.1 Estimates of all receipts and payments for the year shall be prepared each year by the Clerk/RFO.

2.2 The Council shall review the estimates not later than the end of January each year and shall fix the precept to be levied for the ensuing financial year. The Clerk/RFO shall supply each member with a copy of the approved estimates.

2.3 The annual budgets shall form the basis of financial control for the ensuing year.

**3. BUDGETARY CONTROL**

3.1 Expenditure may be incurred up to the amounts included in the approved budget.

3.2 The Clerk/RFO shall provide the Council with regular statements of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.

3.3 The Clerk/RFO may incur any necessary expenditure on behalf of the Council for any routine, urgent or other work which is in accordance with the Council’s agreed objectives and/or budget, subject to a limit of **£400**. The limit for such work is increased to **£800** when the Chairman or Vice Chairman of the appropriate Committee has given prior approval.

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

3.5 All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

**4. ACCOUNTING AND AUDIT (as amended)**

4.1 All accounting procedures and financial records of the Council shall be determined by the Clerk/RFO as required by the Accounts and Audit (England) Regulations 2011 as amended.

4.2 The Clerk/RFO 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 and report thereon to the Annual Parish Meeting.

4.3 The Clerk/RFO 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 (England) Regulations 2011 as amended, or set by the Auditor.

4.4 The Clerk/RFO shall be responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit (England) Regulations 2011 as amended. Any officer or member of the Council shall, if the Clerk/RFO or Internal Auditor requires, make available such documents of the Council which appear to the Clerk/RFO or Internal Auditor to be necessary for the purpose of the internal audit, and shall supply the Clerk/RFO or Internal Auditor with such information and explanation as the Clerk/RFO or Internal Auditor considers necessary for that purpose.

4.5 The Internal Auditor shall carry out the work required by the Clerk/RFO, 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 the Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.

4.6 The Clerk/RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Section 15 of the Audit Commission Act 1998 and the Accounts and Audit (England) Regulations 2011 as amended.

4.7 The Clerk/RFO 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.

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

5.1 The Council's banking arrangements; including the bank mandate, shall be made by the Clerk/RFOand approved by the Council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.

5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the Clerk/RFO and, together with the relevant invoices, be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council. The detail will be shown in the Minutes of the Meeting.

5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2, or in accordance with paragraph 6.4, shall be signed by two members of Council.

5.4 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 and invoices.

5.5 Electronic payments in accordance with the schedule referred to in paragraph 5.2, or in accordance with paragraph 6.4, shall be authorised by the Clerk at the bank with two members of the council by signature on both the invoice and a list of payments to be made.

5.6 Subsequent to the electronic payment, a printed list of payments made, copied from the bank website, shall be attached to the list produced at 5.5 above and the payee and amount details shall match. Both lists to be filed with the relevant invoices.

## 6. PAYMENT OF ACCOUNTS

6.1 All payments shall be effected by the most effective method,electronic payment,cheque**,** direct debit or other order drawn on the Council's bankers.

6.2 All invoices for payment shall be examined, verified and certified by the Clerk/RFO. The Clerk/RFO shall ensure that the work, goods or services to which the invoice relates have been received, carried out, examined and represents expenditure previously approved by the Council.

6.3 The Clerk/RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk/RFO shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.

6.4 The Clerk/RFOmay (notwithstanding para 6.3) take all steps necessary to settle certain invoices before the next scheduled Council meeting if they cannot be delayed. Such payments must be approved by the Clerk/RFO and be in accordance with the Council’s agreed objectives.

6.5 The Council will not maintain any form of cash float. All cash received must be banked intact.

**7. INSTRUCTIONS FOR MAKING OF PAYMENTS**

7.1 The council will make safe and efficient arrangements for the making of its payments. Before any payment could be made the Clerk/RFO will send to 2 councillors the details with an authorisation sheet for each payment for their signature before any payment can be made.

7.2 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.

7.3 All payments shall be effected by cheque or other instructions to the council’s bankers, or otherwise, in accordance with a resolution of council (or duly delegated committee).

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

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

7.6 Cheques or orders for payment can be presented for signature other than at a council or committee meeting (including immediately before or after such a meeting) as we only have 6 meetings a year. Any signatures obtained away from such meetings shall be reported to the council at the next convenient meeting.

7.7 If thought appropriate by the council, payment for certain items (principally salaries) may be made by banker’s standing order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to the council as made. The approval of the use of a banker’s standing order shall be renewed by resolution of the council at least every two years.

7.8 If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.

7.9 If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.

7.10 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council’s records on that computer, a note shall be made of the PIN and passwords and shall be handed to and retained by the Chairman of the Council in a sealed and dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and/or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council. This will not be required for a member’s personal computer used only for remote authorisation of bank payments.

7.11 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 unless required by law.

7.12 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.

7.13 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.

7.14 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 state clearly the amounts of payments that can be instructed by the use of the service administrator along with a stated number of approvals.

7.15 Access to any internet banking accounts will be directly to the access page (which may be saved under “favorites”), and not through a search engine or e-mail link. Remembered or saved password 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.

7.16 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/RFO and a member. A programme of regular checks of standing data with suppliers will be followed.

## 8. PAYMENT OF SALARIES

8.1 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, or duly delegated committee.

8.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates, provided that each payment is reported to and ratified by the next available Council Meeting.

8.3 No changes shall be made to any employee’s pay, emoluments, or terms and conditions of employment without the prior consent of the council or relevant committee.

8.4 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 the Audit Commission Act 1998, or any superseding legislation

8.5 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.

8.6 An effective system of personal performance management should be maintained for the senior officers.

8.7 Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.

8.8 Before employing interim staff the council must consider a full business case.

(paragraphs 9 – 18 renumbered)

**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 and notified to the Clerk/RFO. The Clerk/RFO shall be responsible for the collection of all accounts due to the Council.

9.3 The Council shall review all fees and charges annually, following a report by the Clerk/RFO.

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

9.5 All sums received on behalf of the Council shall be banked intact as directed by the Clerk/RFO. In all cases, all receipts shall be deposited with the Council's bankers at least weekly.

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

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

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

9.9 Where any significant sums of cash are regularly received by the Council, the Clerk/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 instruction by e-mail 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 instruction is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining two or more quotations or estimates from appropriate suppliers, subject to the de minimis provisions in Regulation 12.1(h) below.

10.3 The Clerk/RFO shall verify the lawful nature of any proposed purchase before the issue of any **instruction**.

10.4 The Clerk/RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

**11. CONTRACTS**

11.1 Procedures as to contracts are laid down as follows.

(a) Every contract shall comply with these Financial Regulations, and no exception

shall be made otherwise than in an emergency provided that these regulations

shall not apply to contracts which relate to items (i) to (vi) below:

(i) for the supply of gas, electricity, water, sewerage and telephone services;

1. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
2. 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;
3. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
4. for additional audit work of the external Auditor up to an estimated value of **£300** (in excess of this sum the Clerk/RFO shall act after consultation with the Chairman and Vice Chairman of Council);

(vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

(b) Where it is intended to enter into a **contract exceeding £50,000** 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) above, the Clerk/RFO shall invite tenders from at least three firms. (NB Advice shall be sought for **contracts** with a value **in excess of £140,000** since the European Union Public Sector Procurement Rules may apply).

(c) 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.

(d) Invitations to tender in accordance with (b) above shall state the general nature of the intended contract and the Clerk/RFO 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/RFO 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. The tender notice shall contain reference to Standing Orders 62, 64 & 65 regarding improper activity.

(e) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk/RFO in the presence of at least one member of Council. Tenders shall then be assessed and reported to the appropriate meeting of the Committee and the Council.

(f) If less than three tenders are received for contracts above £50,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.

(g) When it is to enter into a **contract of more than £1,300 and less than £50,000** in value for the supply of goods or materials or for the execution of works or specialist services, other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a), the Clerk/RFO shall obtain at least two quotations (priced descriptions of the proposed supply **unless this requirement is specifically waived by the Finance Committee).**

(h) When it is to enter into a contract for work not exceeding **£1300**, the Clerk/RFO shall not be required to obtain two quotations subject to being satisfied that value for money is being obtained (see Regulation 10.2 above).

(i) The Council shall not be obliged to accept the lowest or any tender, quote or

estimate.

**12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the Clerk/RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract, **normally 10% during the work and 5% for one year afterwards**).

12.2 Where contracts provide for payment by instalments the Clerk/RFO shall maintain a record of all such payments. Where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum by 5% or more, a report shall be submitted to the Council.

12.3 Any variation to a contract, or addition to or omission from a contract, must be approved by the Council and Clerk/RFO to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

**13. STORES AND EQUIPMENT**

13.1 The Clerk/RFO shall be responsible for the care and custody of stores and equipment.

13.2 Delivery Notes should be obtained in respect of all goods received into store or otherwise delivered and goods should be checked as to order and quality at the time delivery is made.

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

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

**14. INSURANCE**

14.1 Following an annual risk assessment, the Clerk/RFO shall effect all insurances and negotiate all claims on the Council's insurers.

14.2 The Clerk/RFO shall give prompt notification to the Clerk/RFO 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/RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Council at the next available meeting.

14.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

**15. RISK MANAGEMENT**

15.1 The Clerk/RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.

15.2 When considering any new activity the Clerk/RFO shall prepare a draft risk management policy for the activity and shall bring a draft addressing the legal and financial liabilities and risk management issues that arise to Council for consideration and, if thought appropriate, adoption.

**16. REVISION OF FINANCIAL REGULATIONS**

16.1 It shall be the duty of the Council to review the Financial Regulations of the Council **every year, in May.** The standing orders will be reviewed in May.