**REMPSTONE PARISH COUNCIL FINANCIAL REGULATIONS
Updated May 2024**

**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. They are one of the Council’s governing documents and shall be observed in conjunction with the Council’s Standing Orders.

1.2 The Clerk/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 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

**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/RFO shall prepare, for approval by the Council, a risk management policy 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 shall prepare a draft risk assessment including risk management proposals for consideration by the Council.

2.4. At least once a year, the Council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.

2.5. The accounting control systems determined by the Clerk/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.

2.6. Regular back-up copies shall be made of the records on any Council computer and stored either online or in a separate location from the computer.

**3. Accounts and audit**

3.1. All accounting procedures and financial records of the Council shall be determined by the Clerk/RFO in accordance with the Accounts and Audit Regulations.

3.2. The accounting records determined by the Clerk/RFO must be sufficient to explain the Council’s transactions and to disclose its financial position with reasonably 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;

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 Clerk/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 Clerk/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. The Clerk/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.

3.11. The Clerk/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 (England) 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 Clerk/RFO shall prepare a draft budget with detailed estimates of all receipts and payments for the following financial year.

4.3. 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.

4.4. Having considered the proposed budget, the Council shall determine its council tax (England) requirement by setting a budget. The Council shall set a precept for this amount no later than the end of January for the ensuing financial year.

4.5. 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.

4.6. The Clerk/RFO shall issue the precept to the billing authority no later than the end of February and supply each member with a copy of the agreed annual budget.

4.7. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.

4.8. The Council shall review their reserves each year and make a decision as to the appropriate level of reserves for the following year taking into account the risk of a delay in payment of the precept by Rushcliffe Borough Council and the Council’s running costs, regular commitments and planned future projects.

4.9. To enable the Council to continue to function in the event of a delayed precept payment or other unexpected event, the Council will aim maintain a level of financial reserves of a between 9-12 months’ worth of expenditure.

**5. Procurement**

5.1. 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.

5.2. The Clerk/RFO shall verify the lawful nature of any proposed purchase before the issue of any order.

5.3. Every contract shall comply with the Council’s Standing Orders and these Financial Regulations and no exceptions shall be made, except in an emergency.

5.4. 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.

5.5. Where the estimated value is below the Government threshold, the council shall obtain prices as follows:

5.6. For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation regarding the advertising of contract opportunities and the publication of notices about the award of contracts.

5.7. For contracts greater than £3,000 excluding VAT the Clerk shall seek at least 3 fixed-price quotes;

5.8. Where the value is between £500 and £3,000 excluding VAT, the Clerk shall try to obtain 3 estimates which might include evidence of online prices, or recent prices from regular suppliers.

5.9. For smaller purchases, the clerk shall seek to achieve value for money.

5.10. Contracts must not be split into smaller lots to avoid compliance with these rules.

5.11. 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.

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

5.13. Individual purchases within an agreed budget for that type of expenditure may be authorised by:

• the Clerk/RFO, under delegated authority, for any items below £500 excluding VAT.
• the Clerk/RFO, in consultation with the Chair of the for any items below £2,000 excluding VAT.

Such authorisation must be supported by a minute or other auditable evidence trail.

5.14. No individual member, or informal group of members may issue an official order or make any contract on behalf of the Council.

5.15. No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of the Council except in an emergency.

5.16. In cases of serious risk to the delivery of Council services or to public safety on Council premises, the Clerk/RFO may authorise expenditure of up to £2,000 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/RFO shall report such action to the Chair as soon as possible and to the Council as soon as practicable thereafter.

5.17. 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.

**6. Banking and payments**

6.1. The Council's banking arrangements, including the bank mandate, shall be made by the Clerk/RFO and authorised by the Council.

6.2. 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 Clerk/RFO.

6.3. 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.

6.4. All payments shall be made by online banking/cheque, in accordance with a resolution of the Council, unless the Council resolves to use a different payment method.

6.5. For each financial year the Clerk/RFO may draw up a schedule of regular payments due in relation to a continuing contract or obligation (such as Salaries, PAYE, National Insurance, pension contributions, rent, rates, regular maintenance contracts and similar items), which the Council may authorise in advance for the year.

6.6. The Clerk/RFO shall have delegated authority to authorise payments in the following circumstances:

i. any payments of up to £500 excluding VAT, within an agreed budget.
ii. payments of up to £2,000 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 or to comply with contractual terms, where the due date for payment is before the next scheduled meeting of the Council, where the Clerk/RFO certifies 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.
iv. Fund transfers within the Council’s banking arrangements up to the sum of £10,000.

6.7. The Clerk/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. The Council shall review the schedule for compliance and, having satisfied itself, shall authorise payment by resolution. The authorised schedule shall be signed by two members of the Council. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of that meeting.

**7. Electronic payments**

7.1. Where internet banking arrangements are made with any bank, the Clerk/RFO shall be appointed as the Service Administrator.

7.2. All authorised signatories shall have access to view the Council’s bank accounts online.

7.3. No employee or councillor shall disclose any PIN or password, relevant to the Council or its banking.

7.4. The Service Administrator shall set up all items due for payment online.

7.5. With the approval of the Council in each case, 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, provided that the instructions are signed by two authorised members.

7.6. Payments may be made by BACS or CHAPS by resolution of the Council.

7.7. If thought appropriate by the Council, regular payments of fixed sums may be made by banker’s standing order, provided that the instructions are signed by two authorised members.

7.8. Account details for suppliers may only be changed upon written notification by the supplier verified by the Clerk/RFO. This is a potential area for fraud and the individuals involved should ensure that any change is genuine.

7.9. 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.

7.10. 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. 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 payment schedule.

**9. Payment cards**

9.1. Any Debit Card issued for use will be specifically restricted to the Clerk/RFO and will also be restricted to a single transaction maximum value of £500 unless authorised by the Council in writing before any order is placed.

9.2. Personal credit or debit cards of members or staff shall not be used except for expenses of up to £250 including VAT, incurred in accordance with Council policy.

**10. Petty Cash**

10.1 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk/RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

**11. Payment of salaries and allowances**

11.1. As an employer, the Council must make arrangements to comply with the statutory requirements of PAYE legislation.

11.2. Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.

11.3. Salary rates shall be reviewed annually and 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.

11.4. 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.

11.5. 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.

**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. All borrowing shall be in the name of the Council, after obtaining any necessary approval.

12.2. 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.

12.3. All investment of money under the control of the Council shall be in the name of the Council.

12.4. All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk/RFO.

12.5. 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 Clerk/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, following a report of the Clerk/RFO. The Clerk/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 Clerk/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 Clerk/RFO considers necessary. The origin of each receipt shall clearly be recorded on the paying-in slip or other record.

13.5. Any repayment claim under section 33 of the VAT Act 1994 shall be made at least annually at the end of the financial year.

**14. Assets, properties and estates**

14.1. The Clerk/RFO shall make arrangements for the safe custody of all title deeds and Land Registry Certificates of properties held by the Council.

14.2. The Clerk/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.

14.3. 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.

14.4. 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 to the Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate where required by law).

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 £500. In each case a written report shall be provided to Council with a full business case.

**15. Insurance**

15.1. The Clerk/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.

15.2. The Clerk/RFO shall give prompt notification of all new risks which are required to be insured and of any alterations affecting existing insurances.

15.3. The Clerk/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 Clerk/RFO shall negotiate all claims on the Council's insurers.

15.4. 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 by the Council.

**16. Suspension and revision of Financial Regulations**

16.1. The Council shall review these Financial Regulations annually. The Clerk/RFO shall monitor changes in legislation or proper practices and advise the Council of any need to amend these Financial Regulations.

16.2. 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.

16.3. 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.