



FINANCIAL REGULATIONS

Section	Page
1. General	1
2. Accounting and audit (internal and external)	2
3. Annual budget estimates and Precept	2
4. Budgetary control and authority to spend	3
5. Banking arrangements and authorisation of payments	4
6. Instructions for the making of payments	4
7. Payment of salaries	5
8. Loans and investments	5
9. Income	6
10. Orders and contracts for the supply of work, goods and services	6
11. Assets, properties and estates	8
12. Insurance	8
13. Risk management	8
14. Suspension and revision of Financial Regulations	8

These Financial Regulations were adopted by the council at its meeting held on 22/02/2024.

1. General

- 1.1 These Financial Regulations are guided by the NALC Model form as amended to apply to Shorne Parish Council (the Council) in relation to the scope of its activities and duties as a small to medium parish council. These regulations govern the financial management by the Council and may only be amended or varied by resolution of the Council. These regulations are to be observed in conjunction with the Council's standing orders.
- 1.2 The Council is responsible for ensuring that its financial management is adequate and effective, and that the council has a sound system of internal controls. These financial regulations demonstrate how the council meets these responsibilities and requirements.
- 1.3 Council members and staff are required to follow the instructions within these Regulations. Failure to follow these Regulations may bring the Council into disrepute and may lead to disciplinary proceedings.
- 1.4 The Clerk has been appointed as the Responsible Financial Officer (RFO), and any reference to the Clerk in these regulations shall be read as the Clerk acting as the Council's-Responsible Financial Officer (RFO).
- 1.5 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.

Shorne Parish Council Financial Regulations

2. Accounting and Audit

- 2.1 All accounting procedures and financial records of the Council shall be determined by the Clerk in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 2.2 On a regular basis, at least once in each quarter, and at financial year end, a member other than the Chairman shall verify bank reconciliations (for all accounts) produced by the Clerk. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall be reported, including any exceptions, to and noted by the Council.
- 2.3 The Council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its internal controls in accordance with proper practices.
- 2.4 The Clerk shall prepare the accounts as soon as is practicable after the end of the financial year, and arrange for the appointment of a competent and independent internal auditor to carry out the work in relation to internal controls.
- 2.5 Members shall make available such documents and records as necessary for the purpose of the audit and shall supply the Clerk, internal auditor, or external auditor with such information and explanation as may be necessary for that purpose.
- 2.6 The Clerk shall complete the annual statement of accounts, annual report, and any related documents contained in the Annual Return as soon as practicable and having certified the accounts shall present them to a meeting of the Council within the timescales set by the Accounts and Audit Regulations.
- 2.7 The Council shall review and approve the Annual Governance Statement, which shall be signed by the Chairman and the Clerk/RFO, and recorded in the minutes of the meeting.
- 2.8 The Council shall review and approve the Annual Statement of accounts, which shall be signed by the Clerk/RFO and the Chairman, and recorded in the minutes of the meeting.
- 2.9 The Clerk/RFO shall submit the Annual Governance and Accountability Return forms (AGAR) to the external auditor within the timescales set by the Accounts and Audit Regulations, and make arrangements for the exercise of electors' rights in relation to the accounts, 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 Clerk/RFO shall at all times, and without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

3. Annual Budget Estimates and Precept

- 3.1 The budget is to be set based on the financial (tax) year.
- 3.2 Each committee shall review its forecast of costs and payments, and shall submit proposals for the following financial year to the council in advance of the budget and finance meeting held in October each year.
- 3.3 The Council shall meet in committee in October each year to receive a report from the Clerk (acting as the Council's Responsible Financial Officer) detailing the Council's income, capital and revenue expenditure for the first half of the year, together with a forecast of the expenditure for the second half of the year. The report shall identify

Shorne Parish Council Financial Regulations

regular payments, and also detail the balance of monies held in each of the Council's accounts and any outstanding charges to those accounts.

- 3.4 The Council, meeting in committee, shall consider the report and make any adjustments to the various expenditure headings as it thinks fit for the second half of the year and produce an estimate outturn of the expenditure for the year, noting any variances from the original estimate.
- 3.5 The estimated outturn may be used as a basis for the budget for the ensuing year subject to any revisions to the items to be included and any adjustment in costs. Due allowance is to be made for any known costs, including agreed capital proposals and renewals, and provision is to be made for contingencies. The Council meeting in committee shall recommend the precept to be made on the billing authority for the following year, including recommendations for the use of reserves and other sources of funding.
- 3.6 Taking into account the estimate, the Council meeting in committee shall make recommendations to the next full regular meeting of the Council where the recommendations shall be considered, amended if necessary, approved and adopted as the precept and budget for the following year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.7 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 and capital 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 £1,000;
 - a duly delegated Committee of the Council for items up to £1,000; or
 - the Clerk, in conjunction with Chairman of Council or Chairman of the appropriate Committee, for any items up to £500.

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

- 4.2 No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council, or duly delegated committee.
- 4.3 Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 4.4 The salary budgets are to be reviewed annually, usually in October, for the following financial year. The Clerk will inform the Council of any changes impacting on budget requirements for the coming year in good time.
- 4.5 In cases of emergency, expenditure may need to be authorised or incurred as a matter of urgency. Such expenditure may include emergency repairs, tree work, or other work required for safety or for other urgent reasons, whether or not there is budgetary provision for the expenditure, subject to a limit of £1,000. In such cases, the Clerk shall ensure that the Council is notified as soon as possible.
- 4.6 All capital works shall be administered in accordance with the council's financial regulations relating to contracts.

Shorne Parish Council Financial Regulations

4.7 The Clerk shall monitor expenditure against each budget heading, and any material variances shall be reported to the Council. No expenditure exceeding the amount provided in the budget for that class of expenditure shall be authorised other than by resolution of the council, or duly delegated committee.

4.8 Changes in earmarked reserves shall only be approved by the Council as part of the budgetary control process.

5. Banking arrangements and authorisation of payments

5.1 The Council's banking arrangements shall be set up and maintained by the Clerk to the approval of the Council. The banking arrangements shall be reviewed periodically for safety (security) and efficiency.

5.2 Before each scheduled Council meeting, the Clerk shall prepare a schedule of payments made and payments requiring approval, forming part of the agenda for the meeting. The Council shall review the schedule for compliance and, having satisfied itself shall approve the schedule. A table of all payments shall be included in or as an attachment to the minutes of the meeting at which the payments were approved.

5.3. All invoices for payment shall be checked by the Clerk to verify 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.

5.4 The Clerk shall have delegated authority to authorise the payment of items in the following circumstances:

- a) To avoid an interest charge for late payment, provided that the Clerk has verified that there is no dispute or other reason to delay payment;
- b) An expenditure item under 5.5 below; and
- c) fund transfers within the councils banking arrangements, provided that details of such payments are reported to the next appropriate meeting of council.

5.5 For each financial year, the Clerk shall draw up a list of payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation such as salaries, PAYE and NI, pension contributions, subscriptions, and regular maintenance contracts and the like. These shall be identified and included for approval in the Annual Budget Estimates set out in Financial Regulation 3 above, and payments made shall be included in the schedule of payments set out in 5.2 above.

6. Instructions for the making of payments

6.1. All payments approved under Financial Regulation 5 above shall be made by BACS, cheque, or other instructions to the Council's bankers in accordance with the Council's authorised bank mandate. The bank mandate shall identify the Clerk and a number of identified councillors who will be authorised to approve transactions on those accounts.

6.2 For electronic banking arrangements, the Clerk shall be the Service Administrator.

6.3 Cheques and BACS transfers shall normally be raised and signed or authorised by the Clerk before being presented to a second authorised signatory for dual authorisation or countersignature. For BACS payments, this may be presented electronically for remote authorisation using personal identification number (PIN) or other passwords.

(In exceptional circumstances such as in the absence of the Clerk, the cheque and/or BACS transfer may be raised and signed or authorised by an authorised signatory

Shorne Parish Council Financial Regulations

before being presented to a second authorised signatory for dual authorisation or countersignature.)

- 6.4 In all circumstances, the counter-signatory shall verify that the work, goods or services to which the payment relates has been received, carried out, examined and represents expenditure previously approved by the council.
- 6.5 A member who is an authorised bank signatory, and who is a beneficiary of a payment, or has a connection by virtue of family or business relationships with the beneficiary of a payment, shall not be a signatory to the payment in question.
- 6.6 Where payment is made by cheque, both signatories shall initial the cheque counterfoil to signify their agreement with the details on the cheque.
- 6.7 Payments for certain services (such as utility services, broadband, payroll provider, etc) may be made by variable direct debit, provided that the instructions are retained and the arrangements periodically reviewed.
- 6.8 In order to facilitate business continuity, account numbers, passwords, and contact details for Council service providers, banks, HMRC, subscriptions, etc, shall be maintained on a secure shared drive or electronic folder accessible by other Members of the Council. 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.
- 6.9 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 committee.
- 6.10 The Council does not use petty cash, debit cards, or credit cards. Any cash received shall be paid into the correct bank account as soon as is practicable.

7. Payment of Salaries

- 7.1 The payment of 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 annually by the Council. An effective system of personal performance management should be maintained.
- 7.2 The Council shall make provision for its employees to enrol in a suitable workplace pension scheme such as National Employment Savings Trust Pension in accordance with the Pensions Act 2008 and the regulations made under it, and shall pay any specified employer contributions. Employees have the right to opt out of the scheme.
- 7.3 The Clerk shall record all salary payments and statutory and discretionary deductions in a separate confidential record. 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 or external auditor; or
 - c) by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.4 Before employing interim staff, the Council must consider a full business case and the impact on budgeted expenditure.

Shorne Parish Council Financial Regulations

8. Loans and Investments

- 8.1 All loans and investments shall be negotiated in the name of Shorne Parish Council.
- 8.2 Investments are to be made with a view to obtaining the best return without undue risk.
- 8.3 Loans shall only be sought with approval of the Council and any necessary borrowing approval. The terms of any loan are to be approved by the Council before any agreement is entered into. Loans if so approved shall generally be arranged through Public Works Loans Board.
- 8.4 All investment certificates, loan agreements and similar documentation shall remain in the custody of the Clerk.

9. Income

- 9.1 The collection of all sums due to the Parish Council including applying to the billing authority for the annual precept in accordance with the Council's agreed budget shall be the responsibility of and under the supervision of the Clerk.
- 9.2 Interest and dividends received from investment of the Lower Crabbles Wood (Crabbles Bottom) maintenance fund shall be accounted for separately from precept income. Costs incurred in relation to the ongoing maintenance and upkeep of Crabbles Bottom shall be met from the Crabbles Bottom maintenance fund.
- 9.3 The Parish Council will review any fees and charges made from time to time, or when conditions change.
- 9.4 All sums found to be irrecoverable and any bad debts shall be reported to the Parish Council and shall be written off in the current year.
- 9.5 All sums received on behalf of the Parish Council shall be banked intact as directed by the Clerk. In all cases, all income shall be deposited with the Council's bankers with such frequency as the Clerk considers necessary. In the event that any significant sums of cash are received by the council, the Clerk shall take such steps as are necessary to ensure that more than one person is present when the cash is counted, and that the cash is properly documented and identified in the accounts.
- 9.6 Personal cheques shall not be cashed out of money held on behalf of the Parish Council.
- 9.7 The Clerk shall ensure that any Value Added Tax return that is required is promptly completed. Any repayment claims due in accordance with Value Added Tax Act 1994 section 33 shall be made quarterly or as required.

10. Orders and contracts for the supply of work, goods and services

- 10.1 The Clerk shall issue an official order or letter 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. A member may not issue an official order or make any contract on behalf of the council.
- 10.2 In general, it shall be the aim of the Council to obtain best value for money at all times for the supply of goods or for the execution of works or specialist services.
- 10.3 Where the value of the goods or services is above £500 but below £3,000, the Council shall strive to obtain a minimum of 3 estimates. Repeat orders for the same range of goods or services may be placed with the same supplier provided that supplier has

Shorne Parish Council Financial Regulations

previously been shown to be competitive and it can be demonstrated the goods or service are similar, and are to be supplied at the same or comparative price or rate.

- 10.4 Where the value for the supply of goods or for the execution of works or specialist services is above £3,000 but less than £25,000, a minimum of 3 quotations shall be obtained
- 10.5 In the event that 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.

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).

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 tender must be delivered in a sealed envelope which must remain sealed until the prescribed date for opening tenders for that contract.

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.

- 10.6 The officer or member leading a purchase shall report to the Council or as appropriate the relevant committee describing the tender process. When giving a recommendation the lead shall state on what basis the recommendation is made. The Council shall not be bound to accept the lowest price or any tender.
- 10.7 In a case where it has not proved possible to obtain 3 prices or the goods or services can only be obtained from a single supplier (e.g. as in the case of spares for existing equipment) the lead shall report to the Council or committee accordingly for an exception to be made.
- 10.8 No contract shall be entered into or expenditure authorised in relation to any capital project unless the Council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.
- 10.9 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 legal professionals acting in disputes;
 - (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;

Shorne Parish Council Financial Regulations

- (v) for additional audit work of the external auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of council); and
- (vi) for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

11. Assets, properties and estates

- 11.1 The Clerk shall maintain on behalf of the Council an Asset Register listing the property owned by the council. The register should also include an approximate value based on its historic cost. In the case of land, it shall be given a nominal value of £1, and records of its location, extent represented on an ordnance base and the area, how and when it came into the Council's possession shall be retained.
- 11.2 In addition, the register should include any third-party interest, tenancies granted and rents payable. Any statutory designation applying to the land shall also be recorded.
- 11.3 The Parish Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Parish Council.
- 11.4 No property shall be sold, leased or otherwise disposed of without the authority of the Parish Council, together with any other consents required by law.
- 11.5 In addition to the asset register referred to above, the Clerk shall maintain on behalf of the Council an Asset Register listing any other assets of the council including play-equipment, seats, notice boards, close circuit television equipment, defibrillator, office equipment and the like. The register should include a brief description of the item, its location, the date of purchase, the purchase price and an estimate of its insurable value.

12. Insurance

- 12.1 The Council is to set up and maintain insurance of its assets. The council is to set up and maintain appropriate insurance for its employees and members of the Parish Council together with public liability insurance. The Council shall also set up and maintain Fidelity Guarantee insurance which shall cover the maximum risk exposure as determined by the Parish Council.
- 12.2 Following an annual risk assessment, the Clerk shall effect all insurances and negotiate all claims on the Parish Council's insurers.
- 12.3 The Clerk shall keep a record of all insurances held by the Parish Council and the property and risks covered thereby and annually review it.
- 12.4 The Clerk shall be notified of any loss, liability, damage or any event likely to lead to a claim and shall report these to the Parish Council at the next available meeting.

13. Risk Management

- 13.1 It should be noted that the Council maintains a Risk Register separate to the provision of these regulations.

14. Suspension and revision of Financial Regulations

- 14.1 It shall be the duty of the Parish Council to review the Financial Regulations of the Parish Council from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Parish Council of any requirement for a consequential amendment to these financial regulations.