

# Shipton Parish Council

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## Financial Regulations updated : March 2024

### GENERAL

These financial regulations shall govern the conduct of the financial transactions of Shipton Parish Council and may only be amended or varied by resolution of the Council. The Responsible Financial Officer (RFO) under the policy direction of the Council shall be responsible for the proper administration of the Council's affairs. The RFO shall be responsible for the production of financial management information. Refer also to the General Policy Statement (Appendix 1) and the Income and Risk Management Statement (Appendix 2)

### Annual Estimates (Budget)

- 1 The Council shall formulate proposals in respect of revenue services and capital projects for the following financial year, not later than the end of November each year. Detailed estimates of income and expenditure on revenue services and receipts and payments on capital account shall be prepared each year by the RFO. The estimates shall be reviewed by the Council and they shall be submitted to the decision of a full Council meeting not later than the January meeting in each year and shall fix the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates. The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

### Budgetary Control

- 2 Expenditure on revenue items may be incurred up to the amounts included for that item of expenditure in the approved budget. Expenditure in excess of the approved budget **MUST** be previously approved by a meeting of the Council.
- 3 During the budget year and with the approval of the Council, unspent and available amounts may be moved to other budget headings or to reserves as appropriate.
- 4 The RFO shall regularly provide the Council with a statement of receipts and payments.
- 5 The RFO, with approval from the Chairman of the Council, or in his absence another officer delegated by the Parish Council, may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement, or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of **£500**. The RFO shall report the action to the Council as soon as practicable thereafter.

- 6 The Clerk may incur expenditure on office consumable items up to an annual limit of **£500** without prior reference back to the Parish Council. The RFO shall report the action to the Council as soon as practicable thereafter.

### Accounting and Audit

- 7 All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations. The RFO shall be responsible for completing the annual accounts contained in the Annual Return of the Council as soon as practicable after the end of the financial year and shall submit the Annual Return to the Council for their approval. The RFO shall be responsible for maintaining an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with the Accounts and Audit Regulations.
- 8 An independent Internal Auditor shall be appointed annually to audit the accounts prior to submission to the External Auditor.

### Banking arrangements and cheques

- 9 The Council's banking arrangements shall be made by the RFO and approved by the Council
- 10 All monies held on behalf of the Parish Council will be maintained in a Bank account as agreed by the Councillors at a public meeting. **Any Bank account used by the Parish Council shall be set to require two authorisations for any payments out of the account.**
- 11 All payments shall be paid in to the above account.
- 12 Cash payments shall not be allowed.  
**For payments made by cheque two signatures are required and** shall be presented by the RFO along with the relevant invoices for approval and signing.

**Payments made via on-line banking** - Invoices which are ready for payment will be added to the Internet banking system by the RFO and sent to a Parish Councillor for authorisation and payment.

Approval, authorisation and signing may take place between Council meetings, but all invoices, **Bank statements** or shall be checked for authenticity at the next Council meeting. Authorisation for all payments shall be recorded at each meeting.

- 13 All payments into and out of the above account shall be minute in the official minutes of the Parish Council and shown on the bank reconciliation spreadsheet.
- 14 All payments out shall require a minimum of 2 signatures **for cheques or two authorisations for payments via on-line banking.** The two signatories or **authorities** may be any of the account holders of the Parish Council's account, including the RFO/Clerk.

### **Payment of salaries and wages**

- 15 The Clerk's salary shall be paid by bank transfer on a monthly basis at the end of April, July, October and January. Approval for payments will be minuted at the next available meeting.

### **Loans and Investments**

- 16 Not needed at present

***Any loan taken out by the Parish Council shall be subject to the following conditions:***

- a) The loan shall not be taken out unless the Parish Council's bank balance resulting from directly financing the proposed project would be less than one half of the precept for the current year.***
- b) A public meeting shall be held for the purposes of explaining to residents the implications both of taking out the loan and of not taking out the loan. See also conditions ( c) and ( d).***
- c) All Parish residents of voting age are consulted by means of an anonymous referendum that demonstrates a clear majority in favour of the loan.***
- d) A formal Project Risk Assessment shall be carried out and published before the referendum takes place. The results from the Risk Assessment shall be made clear at a public meeting (see condition b).***
- e) The proposed Project Management structure shall be published before the referendum takes place.***
- f) The financial impact of the loan repayments on the annual/monthly precept shall be clearly explained to residents on the survey form.***
- g) The loan shall be agreed by a simple majority of the Parish Councillors and the Responsible Financial Officer.***

### **Income**

- 17 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO. All sums received on behalf of the Council shall be paid to the RFO for banking. Refer to Appendix 1 – Income and Risks.

### **Orders and contracts for works, goods and services**

- 18 An official order on Parish Council Headed paper or letter shall be issued for all work, goods and services costing more than **£500** unless a formal contract is to be prepared or an official order would be inappropriate. Shipton Parish Council Standing Orders Section 15(c) also refers.

- 19 For expenditure of **£1 - £500** good value must be shown to be sought.

- 20 To ensure that adequate financial control is maintained, any expenditure in excess of £500 shall be agreed only after a written estimate or quotation for the work has been received. For work estimated to be in excess of £1,000, three written estimates or quotations shall be required. The Parish Council is not constrained to accept the lowest bid, but good value must be shown to be sought. Where possible, local suppliers or contractors will be given opportunity and encouraged to quote.

For certain works it might not be possible to obtain 3 written estimates, this should not be a hindrance to the work being undertaken, but records should be kept of how suppliers were invited to pitch for the work, and the efforts made by the council to try and get 3 quotations.

**21 Use of Debit Cards:**

In the modern world certain items/ particularly on line services (eg: monthly web charges etc:) need to be paid for by debit card.

Where debit cards have been issued the user must immediately supply a copy of the invoice/receipt to the RFO detailing the purchase so that the RFO can effectively be the second authoriser, and ensure that the transaction is accounted for correctly for any such debit card transactions.

**Assets, Properties and estates**

- 22 The RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council.
- 23 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.

**Insurance**

- 24 The RFO shall effect all insurances and negotiate all claims on the Council's insurers in consultation with the Chairman. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby, and annually review it. The RFO shall be notified of any loss, liability or damage, or any event likely to lead to a claim. All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.
- 25 Currently no petty cash system is operated by the Parish Council, **so no insurance is required.**

**Revision of Financial Regulations**

- 26 It shall be the duty of the Council to review the Financial Regulations of the Council at least once every two years.

**Transparency**

- 27 Accounts **shall** be published for the previous year on the website, after the Internal Auditor has reviewed the end of year accounts. All other information as required in the Transparency Code **shall** be published at the same time.

**Conflict of Interests**

28 Any personal or professional ties and/or Interests must be declared BEFORE any work is undertaken for any services or work for the Parish Council. These interests must be shown clearly throughout the process and **any Parish Councillors *having such personal, pecuniary or other prejudicial interests will be excluded from voting, and at the discretion of the Chair may be required to leave the meeting place whilst discussions are taking place. The number of remaining Parish Councillors must be sufficient to form a quorum and*** must be in agreement that value is being sought.

Approved David Hollows Chair/ Finance Committee

Date March 2024

Next review date March 2026

## **APPENDIX 1                      GENERAL POLICY STATEMENT**

- A1.1. The Parish Council's 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 orders<sup>1</sup> and any individual financial regulations relating to contracts.
- A1.2. 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.
- A1.3. 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
  - identify the duties of officers.
- A1.4. The Parish Council's Financial Regulations demonstrate how the Council meets these responsibilities and requirements.
- A1.5. 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.
- A1.6. Members of the 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.
- A1.7. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council. The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly.
- A1.8. 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;
  - in conjunction with the Council's designated Financial Councillor, 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.

A1.9. 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.

A1.10. 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.

A1.11. 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.

A1.12. 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.

A1.13. In addition, the Council must:

- determine and keep under regular review the bank mandate for all Council bank accounts;
- approve any grant or a single commitment in excess of £500; 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.

A1.14. In the Parish Council's 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.

A1.15. In the Parish Council's 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).



## **APPENDIX 2**

## **INCOME AND RISK MANAGEMENT**

### **INCOME**

- A2.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- A2.2. 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 RFO and the RFO shall be responsible for the collection of all accounts due to the council.
- A2.3. The council will review any fees and charges at least annually, following a report of the Clerk.
- A2.4. Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off before the end of the following FY.
- A2.5. All sums received on behalf of the council shall be banked intact as directed by the RFO. All receipts shall be deposited with the council's bankers with such frequency as the RFO considers necessary. All receipts shall be kept and filed with the financial records.
- A2.6. Details of all income must be shown on the Bank Reconciliation. Original receipts should be kept.
- A2.7. 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 least annually after the financial year end.

### **RISK MANAGEMENT**

- A2.10. The council is responsible for putting in place arrangements for the management of risk. The Clerk [with the RFO] 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.
- A2.11. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

**END OF DOCUMENT**