



High Offley Parish Council

(including the Wards of Shebdon & Woodseaves).

Financial Regulations 2021.

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Next Review: August 2024, or before.

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Note.

These Financial Regulations have been adapted from the National Association of Local Councils (NALC) Model Financial Regulations 2019. Changes have been made, where appropriate, to make them specific to High Offley Parish Council and to aid accessibility of the document.

Financial Regulations govern the conduct of financial management for High Offley Parish Council and may only be amended, or varied, by resolution of High Offley Parish Council. These Financial Regulations are one of High Offley Parish Council's three governing documents that provide procedural guidance for members and the Clerk as Proper Officer and Responsible Financial Officer. Financial Regulations must be observed in conjunction with High Offley Parish Council's Standing Orders and Code of Conduct.

High Offley Parish Council has committed to reviewing these Financial Regulations periodically, to ensure they remain fit for purpose.

High Offley Parish Council is responsible in law for ensuring that its financial management is both adequate and effective, and that it has a sound system of internal control, which facilitate the effective exercise of the High Offley Parish Council's functions, including arrangements for the management of risk.

High Offley Parish Council's accounting control system includes measures:

- for the timely production of accounts;
- for the safe and efficient safeguarding of public money;
- to prevent and detect inaccuracy and fraud; and
- to define duties.

These Financial Regulations demonstrate how High Offley Parish Council meets these responsibilities and requirements.

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.

Furthermore, the term 'proper practice' or 'proper practices' refers to guidance issued in *Governance and Accountability for Local High Offley Parish Councils - a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local High Offley Parish Council Clerks (SLCC).

1. General.

- 1.1. At least once a year, prior to approving the Annual Governance Statement, High Offley Parish Council will review the effectiveness of its system of internal control, which shall be in accordance with proper practices.
- 1.2. Deliberate, or wilful breach of these Regulations, will give rise to disciplinary proceedings.
- 1.3. Members of High Offley Parish Council shall follow the instructions within these Regulations and not to entice the Clerk, as the Responsible Financial Officer, to breach them.
- 1.4. Failure to follow instructions within these Regulations brings the office of High Offley Parish Councillor into disrepute and will breach the Code of Conduct.
- 1.5. The Responsible Financial Officer holds a statutory office and the Clerk is the appointed Responsible Financial Officer for High Offley Parish Council. These regulations apply accordingly.
- 1.6. The Responsible Financial Officer;
 - acts under the policy direction of High Offley Parish Council;
 - administers High Offley Parish Council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines, on behalf of High Offley Parish Council, its accounting records and accounting control systems;
 - ensures the accounting control systems are observed;
 - maintains up-to-date accounting records of High Offley Parish Council, in accordance with proper practices;
 - assists High Offley Parish Council to ensure economy, efficiency and effectiveness in the use of its resources; and
 - produces financial management information as required by High Offley Parish Council.
- 1.7. The accounting records kept by the Responsible Financial Officer shall be sufficient to show and explain High Offley Parish Council's transactions, and to enable the Responsible Financial Officer to ensure that account balances, records of receipts and records of payments prepared for High Offley Parish Council, comply with the Accounts and Audit Regulations.
- 1.8. The accounting records kept by the Responsible Financial Officer shall in particular contain:

- entries from day-to-day, of all sums of money received and expended by High Offley Parish Council and the matters to which income and expenditure relate;
- a record of the assets and liabilities of High Offley Parish Council; and
- wherever relevant, a record of High Offley Parish Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

1.9. The accounting control systems determined by the Responsible Financial Officer shall include:

- procedures to ensure that the financial transactions of High Offley Parish 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;
- procedures to ensure that un-collectable amounts, including any bad debts, are submitted to High Offley Parish Council for approval to be written off by the Responsible Financial Officer, and that the approvals are shown in the accounting records; and
- measures to ensure that any risk is properly managed.

1.10. High Offley Parish 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 (High Offley Parish 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 High Offley Parish Council only.

1.11. In addition, High Offley Parish Council must:

- determine and keep under regular review the bank mandate of the High Offley Parish Council bank account; and

- in respect of the annual salary of the Clerk, have regard to recommendations about annual salaries made by the Chair of High Offley Parish Council.

2. Accounting and Audit (Internal and External).

2.1. All accounting procedures and financial records of High Offley Parish Council shall be determined by the Responsible Financial Officer 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 the end of each financial year, a member other than the Chair or other cheque signatory, shall be appointed to conduct a bank reconciliation. This activity shall, on conclusion be reported to, and noted by, High Offley Parish Council. The report will include any exceptions.

* A bank reconciliation compares the cash balance on the balance sheet to the corresponding amount on the bank statement. Reconciling the two accounts helps identify whether accounting changes are needed. Bank reconciliations are completed at regular intervals to ensure that the company's cash records are correct. They also help detect fraud and any cash manipulations.

2.3. The Responsible Financial Officer shall complete the annual statement of accounts, annual report, and any related documents of High Offley Parish 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 High Offley Parish Council within the timescales set by the Accounts and Audit Regulations.

2.4. High Offley Parish 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.

2.4.1. The Responsible Financial Officer, or a member of High Offley Parish Council, shall make available such documents and records that are necessary for the purpose of the audit.

2.4.2. Members of High Offley Parish Council shall supply the Responsible Financial Officer with such information and explanation as considered necessary for the purpose of the audit.

2.4.3. The Responsible Financial Officer, or a member of High Offley Parish Council, shall supply the internal auditor, or external auditor, with such information and explanation as considered necessary for the purpose of the audit.

2.5. The internal auditor shall be appointed by High Offley Parish Council and shall carry out the work in relation to internal controls required by High Offley Parish Council, in accordance with proper practices.

2.6. The internal auditor shall:

- be competent and independent of the financial operations of High Offley Parish Council;
- report to High Offley Parish Council, in writing, at the end of each financial year;
- demonstrate competence, objectivity and independence;
- be free from any actual, or perceived conflicts of interest, including those arising from family relationships; and
- have no involvement in the financial decision making, management or control of High Offley Parish Council.

2.7. Internal or external auditors may not under any circumstances:

- perform any operational duties for High Offley Parish Council;
- initiate or approve accounting transactions; or
- direct the activities of the Clerk, as the Responsible Financial Officer, except to the extent that they have been appropriately assigned to assist with the audit.

2.8. For the avoidance of doubt, in relation to the internal audit, the terms 'independent' and 'independence' shall have the same meaning, as is described in proper practices.

2.9. The Responsible Financial Officer 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 Responsible Financial Officer shall, without undue delay, bring to the attention of all High Offley Parish Councillors any correspondence, or report, from internal or external auditors.

3. Annual Estimates (Budget) and Forward Planning.

3.1. The Responsible Financial Officer must each year, by no later than September, prepare detailed estimates of all receipts and payments including all sources of funding for the following financial year, in the form of a budget to be considered by High Offley Parish Council.

3.2. High Offley Parish Council shall consider its annual budget proposal, including recommendations for the use of reserves and sources of funding and update the forecast accordingly.

- 3.3. High Offley Parish Council shall fix the precept (council tax requirement), 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.
- 3.4. The Responsible Financial Officer shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.5. 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 may be authorised by High Offley Parish Council, up to the amounts included for that class of expenditure in the approved budget. 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 High Offley Parish Council.
- 4.2. Contracts may not be disaggregated to avoid controls imposed by these regulations.
- 4.3. The salary budget is to be reviewed at least annually, in October, for the following financial year.
- 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 High Offley Parish Council is satisfied that the necessary funds are available and the requisite borrowing approval has been obtained.
- 4.5. The Responsible Financial Officer shall regularly provide High Offley Parish Council with a statement of receipts and payments to date.

5. Banking Arrangements and Authorisation of Payments.

- 5.1. High Offley Parish Council's banking arrangements, including the bank mandate, shall be made by the Responsible Financial Officer and approved by High Offley Parish Council. Banking arrangements shall be reviewed at least once a year, at the end of the Financial Year, by High Offley Parish Council for safety and efficiency.
- 5.2. The Responsible Financial Officer shall notify High Offley Parish Council of all payments requiring authorisation, as part of the Agenda for a meeting. High Offley Parish Council shall review the payments for compliance and, having satisfied itself, shall authorize, or refuse payment, by resolution.
- 5.3. A list of all the payments shall be disclosed within the Minutes of the meeting, at which payment was considered. Personal payments (including wages and expenses), though, may be summarised to remove public access to any personal information.

- 5.4. All invoices for payment shall be examined, verified and certified by the Responsible Financial Officer 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 High Offley Parish Council.
- 5.5. The Responsible Financial Officer shall examine invoices for arithmetical accuracy and shall take all steps to pay all invoices that have been correctly submitted, at the next available meeting of High Offley Parish Council.
- 5.6. Members are subject to the Code of Conduct that has been adopted by the High Offley Parish Council and shall comply with both the Code and Standing Orders, 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.

6. Instructions for the Making of Payments.

- 6.1. High Offley Parish Council will make safe and efficient arrangements for making payments, primarily through the use of internet banking.
- 6.2. The bank mandate approved by the High Offley Parish Council shall identify the Responsible Financial Officer and two High Offley Parish Councillors, who will be authorised to approve transactions.
- 6.3. The bank mandate will state clearly that all payments be made with the approval of two registered signatories.
- 6.4. All payments shall be affected by instruction to High Offley Parish Council's bankers from the Responsible Financial Officer, in accordance with a resolution of High Offley Parish Council.
- 6.5. All payments shall be additionally checked and authorised by one of the two members of High Offley Parish Council who are registered as a bank signatories, in accordance with a resolution instructing such payment.
- 6.6. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.
- 6.7. Records of payments made by internet banking transfer shall show which member approved the payment.
- 6.8. Where a computer requires use of a personal identification number (PIN) or other password(s), for access to High Offley Parish 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 High Offley Parish Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other High Offley Parish 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 High Offley Parish Council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.

- 6.9. Neither the Clerk, nor any High Offley Parish Councillor, shall disclose any PIN or password, relevant to the working of the High Offley Parish Council, or its bank accounts, to any person not authorised in writing by High Offley Parish Council.
- 6.10. 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 remotely. High Offley Parish Council currently utilises a 'cloud' facility for the storage of back-up records.
- 6.11. The Clerk, as Responsible Financial Officer, and any members using computers for the High Offley Parish 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.
- 6.12. Access to any internet banking accounts will be directly to the access page and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for High Offley Parish Council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.13. High Offley Parish Council will not authorise the issue of any Debit Card, pre-paid Debit Card, or Credit Card.
- 6.14. High Offley Parish Council will not maintain any form of cash float and any cash received must be banked intact.
- 6.15. Cash payments to High Offley Parish Council should be discouraged in preference to a clearly auditable form of payment (e.g., via BACS)
- 6.16. Any payments made by the Clerk, as the Responsible Financial Officer (for example for postage, or minor stationery items), shall be refunded on a regular basis.

7. Payment of Salaries.

- 7.1. As an employer, the High Offley Parish Council shall fully meet the statutory requirements placed on all employers by PAYE and National Insurance legislation.
- 7.2. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating.
- 7.3. Salary rates shall be as agreed by High Offley Parish Council in line with National recommendations.

- 7.4. 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.
- 7.5. No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of High Offley Parish Council.
- 7.6. Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions, may be recorded 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:
- 7.4.1. by any High Offley Parish Councillor who can demonstrate a need to know;
 - 7.4.2. by the internal auditor;
 - 7.4.3. by the external auditor; or
 - 7.4.4. by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5. The total of such payments shall be reported with all other payments as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.

8. Income.

- 8.1. The collection of all sums due to the High Offley Parish Council shall be the responsibility of, and under the supervision of, the Responsible Financial Officer.
- 8.2. All sums received on behalf of the High Offley Parish Council shall be deposited, intact, with High Offley Parish Council's bankers by the Responsible Financial Officer.
- 8.3. The origin of each receipt shall be entered in the accounting records.
- 8.4. The Responsible Financial Officer shall promptly complete any VAT Return that is required. Any repayment claims due in accordance with the VAT Act 1994, section 33, shall be made at least annually, coinciding with the end of the financial year.

9. Orders for Work, Goods and Services.

- 9.1. 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.
- 9.2. Records of all orders made, shall be kept by the Responsible Financial Officer.

- 9.3 The Responsible Financial Officer is responsible for obtaining value for money at all times. When issuing an official order, the Responsible Financial Officer shall ensure, as far as reasonable and practicable, that the best available terms are obtained in respect of each transaction, by obtaining three or more quotations or estimates from appropriate suppliers.
- 9.4 A member may not issue an official order, or make any contract, on behalf of High Offley Parish Council.
- 9.5 The Responsible Financial Officer shall verify the lawful nature of any proposed purchase, before the issue of any order.

10. Contract Procedure.

- 10.1. Every contract shall comply with these Financial Regulations, and no exceptions shall be made.
- 10.2. Where High Offley Parish 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, which is valued at £25,000 or more, High Offley Parish Council shall comply with the relevant requirements therein.
- 10.3. 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 High Offley Parish Council.
- 10.4. Such an invitation to tender (as in 10.1.3) 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.
- 10.5. Any invitation to tender issued under this regulation shall refer to the terms of the Bribery Act 2010.
- 10.6. When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials, or for the execution of works or specialist services, the Clerk or Responsible Financial Officer shall obtain three (3) quotations (priced descriptions of the proposed supply).
- 10.7. High Offley Parish Council shall not be obliged to accept the lowest tender, quote or estimate.
- 10.8. Should it occur that High Offley Parish Council does not accept any tender, quote or estimate, the work is not allocated and High Offley Parish Council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision-making process was being undertaken.

11. Assets.

- 11.1. No tangible, moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of High Offley Parish Council.
- 11.2. No real property (interests in land) shall be purchased or acquired without the authority of High Offley Parish Council. In each case a report in writing shall be provided to High Offley Parish 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).
- 11.3. The Responsible Financial Officer shall ensure that an appropriate and accurate Register of Assets is kept up to date. The continued existence of tangible assets shown in the Register shall be verified, at least annually, in conjunction with a health and safety inspection of assets.

12. Insurance.

- 12.1. The Responsible Financial Officer shall effect all insurances and manage all claims with High Offley Parish Council's insurers.
- 12.2. The Responsible Financial Officer shall keep a record of the insurance effected by the High Offley Parish Council and annually review it.
- 12.3. The Responsible Financial Officer shall report to High Offley Parish Council at the next available meeting, any loss; liability; damage; or event likely to lead to a claim.
- 12.4. All members and the Clerk of High Offley Parish 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 High Offley Parish Council.

13. Suspension and Revision of Financial Regulations.

- 13.1 It shall be the duty of High Offley Parish Council to review these Financial Regulations from time to time. The Clerk shall monitor changes in legislation and proper practices, in order to advise High Offley Parish Council of any requirement for a consequential amendment to these Financial Regulations.
- 13.2 High Offley Parish Council may, by resolution, 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 High Offley Parish Council.