

Aldbury Parish Council

Financial Regulations June 2022

1. Finance

1.1. Responsible Financial Officer (RFO)

1.1.1. The Responsible Financial Officer is a statutory office and appointed by the Council. The Clerk of the Council will take on this role of managing the Council's financial affairs in accordance with Proper Practices.

1.2. Estimates and Precept

1.2.1. The RFO will compile estimates of income and expenditure annually for the Council's consideration. The Council will review the budget not later than the end of December in preparation for the precept being agreed and submitted to the Billing authority no later than the end of January. During the year the budget will be reviewed against actual expenditure and income. Amendments to the budget will be discussed in Council and any changes will be minuted.

1.3. Income and Expenditure

1.3.1. The RFO will supply regular updates of income and expenditure throughout the year and detail actual figures against estimate. Significant underspends or overspends will be brought to the attention of the Council and action taken to address any discrepancies. Underspent revenue will be identified and earmarked to reserves by a Council resolution.

1.4. Accounting and Audit

1.4.1. The RFO will determine all accounting procedures and financial records of the Council in accordance with the Accounts and Audit Regulations.

1.4.2. The RFO will complete the annual financial statements of the Council including the annual return as soon as practicable after the end of the financial year and will submit and report on them for approval by the Council. The Council will review them each year and ensure that there is an adequate, effective system of internal audit of the Council's accounting, financial and other procedures in line with Proper Practice.

1.4.3. An Internal Auditor will be appointed by the Council to carry out the work required to comply with the Proper Practice. The person appointed will be independent of the operation of the Council.

1.4.4. The RFO will submit the Annual Return to the External Auditor by the due date, ensuring the return is complete.

1.5. Banking Arrangements and Cheques

1.5.1. The Council's banking arrangements, including the Bank Mandate, will be made by the RFO and approved by the Council. They will be regularly reviewed for efficiency.

1.5.2. All items of expenditure will be authorised by the Council and the payments approved. The RFO will examine invoices and verify and certify expenditure.

1.5.3. Any regular fixed payment may be made by Standing Order or by Direct Debit as appropriate, provided that the instructions are signed by two authorised Councillors, and reviewed at least every year.

1.5.4. The Council's primary method of banking is online. The following process for authorising and making payments will be followed:

- 1.5.4.1. The Clerk as RFO has online banking authority to submit payments. For business continuity considerations, 3 Councillors also have online banking authority to submit payments. 5 different Councillors are authorised account signatories meaning they can authorise online payments. No one is able to both submit and authorise payments. Both the Clerk and all Councillors are able to view the account and any transactions online.
- 1.5.4.2. Any signatory to the account agrees not to share password information.
- 1.5.4.3. The Clerk, as RFO shall prepare a schedule of payments requiring authorisation, forming part of the agenda for the meeting, and together with the relevant invoices, present the schedule to the Council. The Council shall review the schedule and shall authorise payment by a resolution. One of the signatories on the account shall check the invoices against the schedule of payments to ensure the details match and are correct and initial the invoice to confirm the checks have taken place.
- 1.5.4.4. Once the payments have been authorised the Clerk as RFO will propose the payments online (in the Clerk's absence one of the 3 Councillors set up to propose payments online will do so).
- 1.5.4.5. The Clerk will notify Councillors that the payments have been proposed and two of the authorised signatories will go online to approve the payments. Councillors will inform the Clerk by email that the payments have been approved this should be done within one week.
- 1.5.4.6. Following the set-up of a new payee, prior to making any payments, a one off test payment of £1 will be sent to the payee. No internet banking payment will be made until the Clerk has confirmation that the test payment has been received.
- 1.5.4.7. The online banking procedure will be reviewed annually in line with the Financial Regulations review.
- 1.5.5. Where an online transaction is not possible, cheques shall be signed by two authorised Councillors.

1.6. Loans and Investments

- 1.6.1. All loans and investments will be negotiated in the name of the Council and will be set for a period approved by the Council.
- 1.6.2. All borrowings will be in the name of the Council and will not be entered into until all necessary approvals have been given. Any application will be approved by Council, especially the terms and purpose. The terms must be reviewed annually.
- 1.6.3. All investments of money under the control of the Council will be in the name of the Council and all certificates or other documents will be retained by the RFO.

1.7. Contracts and Procurement

- 1.7.1. Where practical, an official order or letter will be issued for all work or services paid for by the Council. All Councillors and officers are responsible for obtaining good value for money at all times. An officer placing an order on behalf of the Council will ensure that good value and appropriate terms are obtained for the transaction.
- 1.7.2. Up to a value of £5,000, Cllrs will agree whether one quote is sufficient or whether more than one quote is required. For any spend over £5,000, three quotes are required where practical.
- 1.7.3. All orders and contracts which require quotations will be approved by the Council. While the Council is not obliged to accept the lowest quotation the reasons for accepting the quotation will be recorded.

- 1.7.4. The Clerk will advise the Council whether contracts with an estimated value below **£25,000** due to special circumstances are exempt from a tendering process or procurement exercise.
- 1.7.5 **A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of £25,000 but less than the relevant thresholds is subject to the “light touch” arrangements under Regulations 109-114 of the Public Contracts Regulations 2015 unless it proposes to use an existing list of approved suppliers (framework agreement).**
- 1.7.6 Subject to additional requirements in the financial regulations of the Council, the tender process for contracts for the supply of goods, materials, services or the execution of works shall include, as a minimum, the following steps:
- i. a specification for the goods, materials, services or the execution of works shall be drawn up;
 - ii. an invitation to tender shall be drawn up to confirm the Council’s specification, the time, date and address for the submission of tenders, the date of the Council’s written response to the tender and the prohibition on prospective contractors contacting councillors or staff to encourage or support their tender outside the prescribed process;
 - iii. the invitation to tender shall be advertised in an appropriate manner;
 - iv. tenders are to be reported to and considered by the appropriate meeting of the Council or a committee or sub-committee with delegated responsibility.
 - v. Neither the Council, nor a committee or a sub-committee with delegated responsibility for considering tenders, is bound to accept the lowest value tender.

Where the value of a contract is likely to exceed the threshold specified by the Office of Government Commerce from time to time, the Council must consider whether the Public Contracts Regulations 2015 or the Utilities Contracts Regulations 2016 apply to the contract and, if either of those Regulations apply, the Council must comply with procurement rules. NALC’s procurement guidance contains further details.

1.8. Discretionary Spend

- 1.8.1. It is understood that small amounts of expenditure must be made for the operation of Council business by the Clerk/RFO. The Council agrees that anything up to £200 is acceptable. This expenditure will then be minuted at the following meeting.

1.9. Assets and Risk Assessments

- 1.9.1. The RFO will ensure that an appropriate and accurate Register of Assets is maintained by the Council. It will be reviewed at least annually, in conjunction with a physical Risk Assessment of assets.
- 1.9.2. A Financial and Management Risk Assessment will also be undertaken by the Council annually.

1.10. VAT

- 1.10.1 The RFO will promptly complete any VAT Return that is required. Any repayment claim due in accordance with the VAT Act 1974 section 33 will be made at least annually coinciding with the financial year.

1.11. Financial Regulations

1.11.1. These Financial Regulations will be reviewed annually by the Clerk and Cllrs as agreed. Any amendments will be decided by the Council.

Reviewed and adopted by the Council: June 2022