

SEASCALE PARISH COUNCIL FINANCIAL REGULATIONS

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These Financial Regulations were adopted by the council at its meeting held on [enter date].

1. General

- 1.1. These Financial Regulations govern the financial management 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. Councillors are expected to follow these regulations and not to entice employees to breach them. Failure to follow these regulations brings the office of councillor into disrepute.
- 1.3. In these Financial Regulations:
 - 'Accounts and Audit Regulations' means the regulations issued under Sections 32, 43(2) and 46 of the Local Audit and Accountability Act 2014, or any superseding legislation, and then in force, unless otherwise specified.
 - "Approve" refers to an online action, allowing an electronic transaction to take place.
 - "Authorise" refers to a decision by the council, or an officer, to allow something to happen.
 - 'Proper practices' means those set out in *The Practitioners' Guide*
 - *Practitioners' Guide* refers to the guide issued by the Joint Panel on Accountability and Governance (JPAG) and published by NALC.
 - 'Must' and **bold text** refer to a statutory obligation the council cannot change.
 - 'Shall' refers to a non-statutory instruction by the council to its members and staff.
- 1.4. The Responsible Financial Officer (RFO) holds a statutory office, appointed by the council. [The Clerk has been appointed as RFO and these regulations apply accordingly.] 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;
 - determines on behalf of the council its accounting records and control systems;
 - ensures the accounting control systems are observed;
 - ensures the accounting records are kept up to date;
 - seeks economy, efficiency and effectiveness in the use of council resources; and
 - produces financial management information as required by the council.
- 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. **At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.**
- 2.3. **The accounting control systems determined by the 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.**
- 3. Accounts and audit**
- 3.1. All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.
- 3.2. **The accounting records determined by the 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 Return.
- 3.4. The RFO shall complete and certify the annual Accounting Statements of the council contained in the Annual Return in accordance with proper practices, as soon as practicable after the end of the financial year.
- 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.**

- 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;
 - 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. For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as described in The Practitioners Guide.
- 3.11. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts 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.

4. Budget and precept

- 4.1. **Before setting a precept, the council must calculate its council tax 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. Budgets for salaries and wages shall be reviewed by the council at least annually 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.
- 4.4. The draft budget forecast, including any recommendations for the use or accumulation of reserves, shall be considered by the council.
- 4.5. Having considered the proposed budget, the council shall determine its council tax budget 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.

- 4.6. **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.**
- 4.7. The RFO shall **issue the precept to the billing authority no later than the end of February.**
- 4.8. Any addition to, or withdrawal from, any earmarked reserve shall be agreed by the council.

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.
 - 5.2. The RFO should verify the lawful nature of any proposed purchase before it is made and in the case of new or infrequent purchases, should ensure that the legal power being used is reported to the meeting at which the order is authorised and also recorded in the minutes.
 - 5.3. **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.**
 - 5.4. **For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation¹ regarding the advertising of contract opportunities and the publication of notices about the award of contracts.**
 - 5.5. **Contracts must not be split into smaller lots to avoid compliance with these rules.**
 - 5.6. 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.
 - 5.7. When applications are made to waive this financial regulation to enable a price to be negotiated without competition, the reason should be set out in a recommendation to the council.
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- 5.8. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 5.9. Individual purchases within an agreed budget for that type of expenditure may be authorised and must be supported by a minute or other auditable evidence trail.
- 5.10. 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.
- 5.11. Any ordering system can be misused and access to them shall be controlled by the RFO.

6. Banking and payments

- 6.1. The council's banking arrangements, including the bank mandate, shall be made by the RFO and authorised by the council.
- 6.2. The council must have safe and efficient arrangements for making payments, to safeguard against the possibility of fraud or error. Wherever possible, more than one person should be involved in any payment, for example by dual online authorisation or dual cheque signing. Even where a purchase has been authorised, the payment must also be authorised and only authorised payments shall be approved or signed to allow the funds to leave the council's bank.
- 6.3. 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.
- 6.4. 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.
- 6.5. All payments shall be made in accordance with a resolution of the council.
- 6.6. A list of such payments shall be reported to the next appropriate meeting of the council for information only.
- 6.7. The RFO shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting. The council shall review the schedule for compliance and, having satisfied itself, shall authorise payment. A detailed list of 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 RFO shall be appointed as the Service Administrator. The bank mandate agreed by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts and a minimum of two people will be involved in any online approval process.
- 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, to anyone not authorised in writing by the council or a duly delegated committee.
- 7.4. The Service Administrator shall set up all items due for payment online. A list of payments for approval shall be sent to two authorised signatories.
- 7.5. A list of all payments made in a month shall be provided to the next council meeting.
- 7.6. With the approval of the council in each case, regular payments (such as gas, electricity, water, refuse collection etc) may be made by variable direct debit.
- 7.7. Payment may be made by BACS or CHAPS provided that each payment is approved online by two authorised bank signatories.
- 7.8. If thought appropriate by the council, regular payments of fixed sums may be made by banker's standing order, provided that the instructions are approved online. The approval of the use of a banker's standing order shall be reviewed at least every two years.
- 7.9. Account details for suppliers may only be changed upon written notification by the supplier verified by the RFO. This is a potential area for fraud and the individuals involved should ensure that any change is genuine.

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. A signatory having a family or business relationship with the beneficiary of a payment shall not, under normal circumstances, be a signatory to that payment.
- 8.3. To indicate agreement of the details on the cheque with the counterfoil and the invoice or similar documentation.
- 8.4. Cheques or orders for payment shall not normally be presented for signature other than at a council meeting. Any signatures obtained away from council meetings shall be reported to the council at the next convenient meeting.

9. Payment cards

- 9.1. Any Debit Card issued for use will be specifically restricted to the Chair and will also be restricted to a single transaction maximum value of £500 unless authorised by council or finance committee in writing before any order is placed.

10. Payment of salaries and allowances

- 10.1. **As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.**
- 10.2. **Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.**
- 10.3. Salary rates shall be 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.

- 10.4. Deductions from salary shall be paid to the relevant bodies.
- 10.5. Each payment to employees of net salary shall be recorded each calendar month and reported in the cashbook.
- 10.6. Any termination payments shall be supported by a report to the council, setting out a clear business case. Termination payments shall only be authorised by the full council.

11. Loans and investments

- 11.1. 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.
- 11.2. Any financial arrangement which does not require formal borrowing must be authorised by the full council.
- 11.3. All investment of money under the control of the council shall be in the name of the council.
- 11.4. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

12. Income

- 12.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 12.2. 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 RFO who shall be responsible for the collection of all amounts due to the council.
- 12.3. Any sums found to be irrecoverable, and any bad debts shall be reported to the council by the RFO and shall be written off in the year. The council's approval shall be shown in the accounting records.
- 12.4. All sums received on behalf of the council shall be deposited intact with the council's bankers, with such frequency as the RFO considers necessary. The origin of each receipt shall clearly be recorded on the paying-in slip or other record.
- 12.5. Personal cheques shall not be cashed out of money held on behalf of the council.
- 12.6. The RFO shall ensure that VAT is correctly recorded in the council's accounting software and that any VAT Return required is submitted from the software by the due date annually.
- 12.7. Where significant sums of cash are regularly received by the council, at least one member of council witnesses the cash counted in the first instance. Appropriate care is taken for the security and safety of individuals banking such cash.

13. Payments under contracts for building or other construction works

- 13.1. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments, which shall be made within the time specified in the

contract based on signed certificates from the architect or other consultant engaged to supervise the works.

14. Stores and equipment

14.1. Stocks shall be kept at the minimum levels consistent with operational requirements.

15. Assets, properties and estates

15.1. The Clerk shall make arrangements for the safe custody of all title deeds and Land Registry Certificates of properties held by the council.

15.2. The 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, purchase details, in accordance with the Accounts and Audit Regulations.

15.3. 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.

15.4. 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 council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants).

No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the council.

16. Insurance

16.1. The 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.

16.2. The designated Cllr (currently Ian Tallentire) shall notify the council of all new risks, properties require to be insured and of any alterations affecting existing insurances.

16.3. The 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 RFO shall negotiate all claims on the council's insurers.

16.4. 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 annually by the council.

17. Charities

17.1. Where the council is sole managing trustee of a charitable body the RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The RFO shall arrange for any audit or independent examination as may be required by Charity Law or any Governing Document.

18. Suspension and revision of Financial Regulations

- 18.1. The council shall review these Financial Regulations annually and following any change of clerk or RFO. The Clerk shall monitor changes in legislation or proper practices and advise the council of any need to amend these Financial Regulations.
- 18.2. 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.
- 18.3. 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.

Agreed by Council 15 May 2024