

## **UPPER SHERINGHAM PARISH COUNCIL FINANCIAL REGULATIONS**

### **1. GENERAL**

- 1.1 These 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 and any individual financial regulations relating to contracts.
- 1.2 The Council is responsible in law for ensuring that it's 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.
- 1.3 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 identifying the duties of officers.
- 1.4 These financial regulations demonstrate how the Council meets these responsibilities and requirements.
- 1.5 At least once a year, prior to approving the Annual Governance and Accountability Return, the Council must review the effectiveness of it's system of internal control which shall be in accordance with proper practices.
- 1.6 A breach of these regulations by an employee is gross misconduct.
- 1.7 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.
- 1.8 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.
- 1.9 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 any income and expenditure account and statement of balances or management information prepared for the Council comply with Accounts and Audit Regulations.
- 1.10 The Council is not empowered by these regulations to delegate the following specified decisions: Setting the budget/precept, Approving accounting statements, Approving an annual governance statement, Borrowing, Writing off bad debts, Declaring eligibility for General Power of Competence and Addressing recommendations in any report from Internal/External auditor.

### **2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)**

- 2.1 All accounting procedures and financial records shall be determined by the RFO in accordance with the Accounts and Audit Regulations, guidance and proper practices.
- 2.2 At each financial year end the Internal Auditor shall verify bank reconciliations.

- 2.3 The RFO shall complete the annual statement of accounts, annual return and associated documents within set timescales.
- 2.4 The Council shall ensure an adequate and effective system of internal control and audit.
- 2.5 The Internal Auditor shall be appointed by and carry out work in relation to internal controls in accordance with proper practices.
- 2.6 Internal/External Auditors shall not under any circumstance perform any operational duty for the Council, initiate or approve any transaction or direct the activities of a Council employee.
- 2.7 The RFO shall arrange for the exercise of electors rights relating to accounts and publish notices.
- 2.8 The RFO shall bring to the Council's attention any correspondence or report from any Auditor.

### **3. BUDGET**

- 3.1 The RFO must each year prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Council.
- 3.2 The Council shall consider annual budget proposals and shall fix the Precept for the ensuing financial year no later than by the end of January each year.
- 3.3 The approved budget shall form the basis of financial control for the ensuing year.

### **4. BUDGETARY CONTROL**

- 4.1 Expenditure may be authorised up to the amounts included by the approved budget; the Council for all items over £500 and the Clerk in conjunction with the Chairman for items below £500.
- 4.2 No expenditure to be authorised that exceeds the amount in the budget without a Council resolution. During the budget year amounts may be moved to other budget headings.
- 4.3 Salaries to be reviewed annually in October for the following year.
- 4.4 The Clerk may authorise expenditure in cases of extreme risk to delivery of services to include repair, replacement or other works subject to a limit of £500 and shall report such action to the Chairman/Council as soon as practicable thereafter.
- 4.5 No expenditure shall be authorised in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied necessary funds are available and requisite borrowing has been obtained.
- 4.6 The RFO shall regularly provide the Council with a statement of receipts and payments comparing actual expenditure to budgets.
- 4.7 Any change in earmarked reserves is to be approved by Council.

## **5. BANKING AND PAYMENTS**

- 5.1 Banking arrangements and signatories shall be approved by Council.
- 5.2 The RFO shall prepare a schedule of payments for authorisation forming part of the agenda for the meeting.
- 5.3 Invoices shall be examined, verified and certified by the RFO and confirm that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 5.4 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The RFO shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 5.5 The RFO shall have delegated authority to authorise payment if a payment is necessary to avoid a late payment charge and the date is due before the next Council meeting.
- 5.6 Members are subject to the Code of Conduct and shall comply with the Code when authorising a payment in respect of a matter in which they have a disclosable pecuniary interest.
- 5.7 The Council will make safe and efficient arrangements for the making of its payments.
- 5.8 Internet bank payment, cheques or other instruction, as agreed by a Council resolution, drawn on the Council's community account shall be signed by two signatories (not the Clerk). They will sign the invoice, the accompanying bank payment print-out or cheque counterfoil.
- 5.9 A nominated Councillor will check each payment against bank statement to confirm accuracy and validity.
- 5.10 If appropriate payment of utilities to be made by a variable direct debit.
- 5.11 Regular back up copies of any computer records shall be made and stored securely. Any computer used for Council's financial business shall have anti-virus and firewall with a high level of security.
- 5.12 The Council shall not maintain a cash float. All cash received must be intact. Payments made by cash by the Clerk shall be refunded on a regular basis, at least quarterly.

## **6. PAYMENT OF SALARIES**

- 6.1 As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all 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 by Council.

## **7. INCOME**

- 7.1 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 coinciding with the financial year end.

**8. ORDERS FOR WORK, GOODS AND SERVICES**

- 8.1 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. The Council are responsible for ensuring value for money at all times.

**9. CONTRACTS**

- 9.1 When the Council is to enter into a contract of less than £25,000 for the supply of goods or materials or for the execution of works or specialist services the Clerk/RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £200 the Clerk/ RFO shall strive to obtain 3 estimates.
- 9.2 The Council shall not be obliged to accept the lowest of quote or estimate.

**10. ASSETS**

- 10.1 The RFO shall ensure a Register is maintained of all Assets owned by the Council, recording the location, reference, purchase details and value.
- 10.2 No Assets shall be sold or otherwise disposed of without the authority of the Council, together with any other consents required by law.

**11. INSURANCE**

- 11.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers in consultation with the Council.
- 11.2 The RFO will inform insurers of all new assets which require to be insured and of any alterations affecting existing insurances.
- 11.3 The Clerk to the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

**12. RISK MANAGEMENT**

- 12.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk/RFO shall prepare, for approval by the Council, a risk management policy statement in respect of all activities of the Council, to be regularly reviewed.
- 12.2 When considering any new activity, the Clerk/RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

**13. REVISION OF FINANCIAL REGULATIONS**

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

In these financial regulations references to Accounts and Audit Regulations refer to Regulation 2015. The term proper practices refers to guidance in Governance and Accountability for Local Councils – a Practitioners Guide (England).

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