

DORMANSLAND PARISH COUNCIL FINANCIAL REGULATIONS [ENGLAND]



**These Financial Regulations are to be adopted by Dormansland Parish Council
at the Annual Meeting on 7th May 2025 and come into immediate effect**

Amended Financial Regulations 5.4, 5.7, 5.11

DORMANSLAND PARISH COUNCIL FINANCIAL REGULATIONS

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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. Wilful breach of these regulations by an employee may result in disciplinary proceedings.
- 1.4. 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 a committee 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 in England or Governance and Accountability for Local Councils in Wales – A Practitioners Guide jointly published by One Voice Wales and the Society of Local Council Clerks in Wales.
 - '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.
- 1.5. 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 (see appendix 3);
 - ensures the accounting control systems are observed (see appendix 3);
 - 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.

1.6. **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**

1.7. In addition, the council shall:

- determine and review the bank mandate for all council bank accounts at the Annual Meeting;
- authorise single commitments in excess of £5,000; 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.

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.** See Appendix 3.

2.2. The Clerk /RFO shall prepare, for approval by the council a risk management policy covering all activities of the council. This policy and consequential risk management arrangements shall be reviewed by the council at least annually.

2.3. When considering any new activity, the Clerk /RFO shall prepare a draft risk assessment including risk management proposals for consideration by the council.

2.4. **At least once a year, the council must review the effectiveness of its system of internal control, before approving the Annual Governance Statement.**

2.5. **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.**

2.6. At least once in each quarter, and at each financial year end, one member and the Chair shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign and date the reconciliations and the original bank

statements (or similar document) as evidence of this. This activity, including any exceptions, shall be reported to and noted by the council.

- 2.7. Regular back-up copies shall be made of the records on any council computer and stored either online or in a separate location from the computer. The council shall put measures in place to ensure that the ability to access any council computer is not lost if an employee leaves or is incapacitated for any reason.

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 reasonable 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 {Governance and Accountability} Return.
- 3.4. The RFO shall complete and certify the annual Accounting Statements of the council contained in the Annual Governance and Accountability Return in accordance with proper practices, as soon as practicable after the end of the financial year. Having certified the Accounting Statements, the RFO shall submit them (with any related documents) to the council, within the timescales required by the Accounts and Audit Regulations.
- 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** and shall, as directed by the council, supply the RFO, internal auditor, or external auditor with such information and explanation as the council considers necessary.
- 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;
 - reports to council in writing, or in person, on a regular basis with a minimum of one written report during each financial year;

- 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, including the opportunity to inspect the accounts, books, and vouchers 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.

3.12. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

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, including employer contributions shall be reviewed by the council at least annually in October for the following financial year and the final version shall be evidenced by a hard copy schedule signed by the Clerk and the Chair of the Council. The RFO will inform committees of any salary implications before they consider their draft their budgets.

4.3. No later than November each year, the RFO shall prepare a draft budget with detailed estimates of all receipts and payments/income and expenditure for the following financial year, along with a forecast for the following three financial years, taking account of the lifespan of assets and cost implications of repair or replacement.

4.4. 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 with the formal approval of the full council.

- 4.5. Each committee (if any) shall review its draft budget and submit any proposed amendments to the council not later than the end of November each year.
- 4.6. The draft budget with any committee proposals and three-year forecast, including any recommendations for the use or accumulation of reserves, shall be considered by the council.
- 4.7. Having considered the proposed budget and three-year forecast, the council shall determine its council tax 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.
- 4.8. **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 disclose at the start of the meeting that Section 106 applies to them. Members should declare an interest at the Annual meeting should their Council Tax be in arrears.**
- 4.9. The RFO shall **issue the precept to the billing authority no later than the end of February** and supply each member with a copy of the agreed annual budget.
- 4.10. The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned.
- 4.11. 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, usually by obtaining prices from several suppliers.
- 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. Every contract shall comply with these the council's Standing Orders and these Financial Regulations and no exceptions shall be made, except in an emergency.
- 5.4. **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 Procurement Act 2023 and The Procurement Regulations 2024 or any superseding legislation ("the Legislation"), must be followed in respect of the tendering, award and notification of that contract.**
- 5.5. Where the estimated value is below the Government threshold, the council shall (with the exception of items listed in paragraph 6.12) obtain prices as follows:
- 5.6. For contracts estimated to exceed £60,000 including VAT, the Clerk shall seek formal tenders from at least three suppliers agreed by the council OR advertise an

open invitation for tenders in compliance with any relevant provisions of the Legislation. Tenders shall be invited in accordance with Appendix 1.

- 5.7. **For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation regarding the publication of invitations and notices.**
- 5.8. For contracts greater than £3,000 excluding VAT the Clerk / RFO shall seek at least 3 quotes;
- 5.9. where the value is between £500 and £3,000 excluding VAT, the Clerk / RFO shall try to obtain 3 estimates which might include evidence of online prices, or recent prices from regular suppliers.
- 5.10. For smaller purchases, the clerk shall seek to achieve value for money. 'A limit has been imposed on the multipay card of £500 maximum spend per item with a overall maximum card spend of £1,000 per month.' See section 9 and Appendix 2 on spending guidance.
- 5.11. **Contracts must not be split to avoid compliance with these rules.**
- 5.12. 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.
- 5.13. 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. Avoidance of competition is not a valid reason.
- 5.14. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 5.15. Individual purchases within an agreed budget for that type of expenditure may be authorised by:
- the Clerk, under delegated authority, for any items below £500 excluding VAT.
 - the Clerk, in consultation with the Chair of the Council, for any items below £2,000 excluding VAT.
 - the council for all items over £2,000.

Such authorisation must be supported by a minute (in the case of council or committee decisions) or other auditable evidence trail.

- 5.16. No individual member, or informal group of members may issue an official order unless instructed to do so in advance by a resolution of the council or make any contract on behalf of the council.
- 5.17. 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.
- 5.18. In cases of serious risk to the delivery of council services or to public safety on council premises, the clerk may authorise expenditure of up to £2,000 excluding VAT on repair, replacement or other work that in their judgement is necessary, whether or not there is any budget for such expenditure. The Clerk shall report such action to the Chair as soon as possible and to the council as soon as practicable thereafter.
- 5.19. No expenditure shall be authorised, no contract entered into or tender accepted in relation to any major project, unless the council is satisfied that the necessary funds are available and that where a loan is required, Government borrowing approval has been obtained first.
- 5.20. An official order, letter or email shall be issued for all work, goods and services above £250 excluding VAT unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained, along with evidence of receipt of goods.
- 5.21. 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; banking arrangements shall not be delegated to a committee. The council has resolved to bank with Unity Trust Bank & HSBC. The arrangements shall be reviewed at the Annual Meeting for security and efficiency.
- 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 before being certified by the RFO. Where the certification of invoices is done as a batch, this shall include a statement by the RFO that all invoices listed have been 'examined, verified and certified' by the RFO.
- 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 by online banking/cheque, in accordance with a resolution of the council, unless the council resolves to use a different payment method.
- 6.6. For each financial year the RFO may draw up a schedule of regular payments due in relation to a continuing contract or obligation (such as Salaries, PAYE, National Insurance, pension contributions, rent, rates, regular maintenance contracts and similar items), which the council may authorise in advance for the year at the Annual meeting.
- 6.7. A copy of this schedule of regular payments shall be signed by two members on each and every occasion when payment is made - to reduce the risk of duplicate payments.
- 6.8. A list of such payments shall be reported to the next appropriate meeting of the council for information only.
- 6.9. The Clerk / RFO shall have delegated authority to authorise payments in the following circumstances:
 - i. any payments of up to £500 excluding VAT, within an agreed budget.
 - ii. payments of up to £2,000 excluding VAT in cases of serious risk to the delivery of council services or to public safety on council premises.
 - iii. any payment necessary to avoid a charge under the Late Payment of Commercial Debts (Interest) Act 1998 or to comply with contractual terms, where the due date for payment is before the next scheduled meeting of the council, where the Clerk / RFO certify that there is no dispute or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of council.
 - iv. Fund transfers within the councils banking arrangements up to the sum of £10,000, provided that a list of such payments.
- 6.10. The RFO shall present a schedule of payments requiring authorisation, forming part of the agenda for the meeting, together with the relevant invoices, to the council. The council shall review the schedule for compliance and, having satisfied itself, shall authorise payment by resolution. The authorised schedule shall be initialled immediately below the last item by the person chairing the meeting. A detailed list of all 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 4 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. The Clerk may be an authorised signatory, but no signatory should be involved in approving any payment to themselves.

- 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 on the banking portal which were approved by the council at a previous meeting presented as a list of payments for approval. Once the payments have been set up, the Service Administrator shall send an email with an excel spreadsheet (to include the bank details for the payments) to the authorised signatories to advise that these payments are ready for release. One of the authorised signatories will check the payments and payee details are correct and then release the payments to be made.
- 7.5. In the prolonged absence of the Service Administrator, an authorised signatory shall set up any payments due before the return of the Service Administrator.
- 7.6. The authorised signatory shall check the payment details against the invoices before approving each payment using the online banking system.
- 7.7. Evidence shall be retained showing which members approved the payment online. This evidence shall be retained by the online banking system.
- 7.8. A full list of all payments made in a month shall be provided to the next council meeting together with the reconciliation for the account
- 7.9. With the approval of the council in each case, regular payments (such as gas, electricity, telephone, broadband, water, National Non-Domestic Rates, refuse collection, pension contributions and HMRC payments) may be made by variable direct debit, provided that the instructions are signed/approved by two authorised members. The approval of the use of each variable direct debit shall be reviewed by the council at least every two years.
- 7.10. Payment may be made by BACS or CHAPS by resolution of the council provided that each payment is approved online by an authorised bank signatory, evidence is retained, and any payments are reported to the council at the next meeting. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 7.11. If thought appropriate by the council, regular payments of fixed sums may be made by banker's standing order, provided that the instructions are signed by two members, evidence of this is retained and any payments are reported to council when made. The approval of the use of a banker's standing order shall be reviewed by the council at least every two years.
- 7.12. Account details for suppliers may only be changed upon written notification by the supplier verified by the Clerk / RFO or a member. This is a potential area for fraud and the individuals involved should ensure that any change is genuine. Data held should be checked with suppliers as and when is needed.

7.13. Members and officers shall ensure that any computer used for the council's financial business has adequate security, with anti-virus, anti-spyware and firewall software installed and regularly updated.

7.14. Remembered password facilities other than secure password stores requiring separate identity verification should not be used on any computer used for council banking.

8. Cheque payments

8.1. Cheques or orders for payment in accordance with a resolution or delegated decision shall be signed by two members / signatories.

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, the signatories shall also initial the cheque counterfoil and invoice.

8.4. Cheques or orders for payment shall not normally be presented for signature other than at, or immediately before or after 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 Clerk / RFO and will also be restricted to a single transaction maximum value of £500 and a maximum monthly expenditure of £1,000.

9.2. A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the council.

9.3. Personal credit or debit cards of members or staff shall not be used except for expenses of up to £250 including VAT, and funds will be recompensed once proof of purchase has been shown and the council have resolved to reimburse this expense.

10. Petty Cash

10.1. The council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk / RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

11. Payment of salaries and allowances

11.1. As an employer, the council must make arrangements to comply with the statutory requirements of PAYE legislation.

11.2. Councillors allowances (where paid) are also liable to deduction of tax under PAYE rules and must be taxed correctly before payment.

- 11.3. Salary rates shall be agreed by the council, or a duly delegated committee. 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.
- 11.4. Payment of salaries shall be made, after deduction of tax, national insurance, pension contributions and any similar statutory or discretionary deductions, on the dates stipulated in employment contracts.
- 11.5. Deductions from salary shall be paid to the relevant bodies within the required timescales, provided that each payment is reported, as set out in these regulations above.
- 11.6. Each payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a payroll control account or other separate confidential record, with the total of such payments each calendar month reported in the cashbook on Rialtas. Payroll reports will be reviewed by the Council to ensure that the correct payments have been made.
- 11.7. 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.
- 11.8. Before employing interim staff, the council must consider a full business case.

12. Loans and investments

- 12.1. 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.
- 12.2. Any financial arrangement which does not require formal borrowing approval from the [Secretary of State/Welsh Assembly Government] (such as Hire Purchase, Leasing of tangible assets or loans to be repaid within the financial year) must be authorised by the full council, following a written report on the value for money of the proposed transaction.
- 12.3. The council shall consider the requirement for an Investment Strategy and Policy in accordance with Statutory Guidance on Local Government Investments, which must be written in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually.
- 12.4. All investment of money under the control of the council shall be in the name of the council.
- 12.5. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 12.6. Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, shall be made in accordance with these regulations.

13. Income

- 13.1. The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.

- 13.2. 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 Clerk. The RFO shall be responsible for the collection of all amounts due to the council.
- 13.3. 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.
- 13.4. 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.
- 13.5. Personal cheques shall not be cashed out of money held on behalf of the council.
- 13.6. The RFO shall ensure that VAT is correctly recorded in the council's accounting software package (Rialtas) and that any VAT Return is submitted from the software by the due date.

14. Payments under contracts for building or other construction works

- 14.1. 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.
- 14.2. Any variation of, addition to or omission from a contract must be authorised by the Clerk to the contractor in writing, with the council being informed where the final cost is likely to exceed the contract sum by 5% or more, or likely to exceed the budget available.

15. Stores and equipment

- 15.1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 15.2. Delivery notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 15.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 15.4. The Clerk / RFO shall be responsible for periodic checks of stocks and stores, at least annually.

16. Assets, properties and estates

- 16.1. The Clerk / RFO shall ensure that an appropriate and accurate Register of Assets is kept up to date, with a record of all properties held by the council, their location, extent, plan, reference, purchase details, nature of the interest and purpose for which held, in accordance with Accounts and Audit Regulations.
- 16.2. 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.

16.3. 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) together with a proper business case (including an adequate level of consultation with the electorate where required by law).

No tangible moveable property 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, except where the estimated value of any one item does not exceed £500. In each case a written report shall be provided to council with a full business case.

17. Insurance

17.1. 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.

17.2. The Clerk / RFO shall give prompt notification of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

17.3. 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.

17.4. 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, or duly delegated committee.

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.

Appendix 1 - Tender process

- 1) Any invitation to tender 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.
- 2) The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post, unless an electronic tendering process has been agreed by the council.
- 3) Where a postal process is used, each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of council.
- 4) Where an electronic tendering process is used, the council shall use a specific email address that will be monitored to ensure that nobody accesses any tender before the expiry of the deadline for submission.
- 5) Any invitation to tender issued under this regulation shall be subject to Standing Order [insert reference of the council's relevant standing order] and shall refer to the terms of the Bribery Act 2010.
- 6) Where the council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, 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.

Appendix 2 – Card spending guidelines

Rules and Guidance for the use of Purchasing Cards at Dormansland Parish Council

Owner: Responsible Financial Officer / Clerk

Version: 1 - May 2024 -Appendix to be linked to Financial Regulations June 2024

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- 4.1 What is compliance?
- 4.2 Dealing with fraud and non-compliance

Introduction

Purpose of this Document

This document sets out the rules and guidelines under which the Dormansland Parish Council Corporate Multipay Card scheme operates. If you are a Card-Holder, you must comply with the rules and guidance in this document.

Purchasing Cards at Dormansland Parish Council

Corporate Multipay Cards are an efficient and cost-effective method for low value purchases of goods and services for Council use. They reduce the need for petty cash, cheque requests and certain types of purchase orders such as one-off purchases from suppliers with whom we will not trade again. They also reduce the paperwork and administrative effort involved in processing requisitions, purchase orders and invoices and give purchasers' the power and flexibility to purchase online or at point of sale.

Purchasing Cards can also benefit our suppliers by enabling them to receive payment more quickly than through traditional settlement terms and by reducing the administrative costs incurred through managing their invoice and debtors' ledger processes.

The Corporate Multipay Card scheme is co-ordinated by the Payment Team.

What is a Purchasing Card?

Corporate Multipay Cards are an established, well-recognised and simple to use form of electronic procurement. The card itself:

- is a charge card (not a credit card)
- looks similar to the personal debit or credit cards with which you will be familiar.
- uses "Chip and Pin" technology to validate transactions.
- has transaction limits and overall spend limits.
- enables capture of spend information and VAT data on transactions for analysis.

Principles of Use

Purchasing cards are to be used according to the following principles:

- a) **You may only use the card for business-related purchases and not for any personal expenditure.** You are accountable to our elected members and residents for the proper use of the card, and you should be aware that transactions may be published as part of our commitment to transparency.
- b) If you misuse the card, it may be withdrawn, and the council may take disciplinary action.
- c) You are responsible for achieving best value for money.
- d) The card is individual to the Card-Holder, who is responsible for its use and security.
- e) You must not record or store the card number and may only disclose it as part of a purchase transaction.
- f) Types and values of purchases must be within operational limits agreed of £500 single spend with a maximum of £1,000 per month.
- g) You are responsible for reporting any loss, theft, or misuse of the card.
- h) The following documents form the formal background to this document, and in the case of any questions of conflicting guidance they will take precedence:
 - Financial Regulations and Instructions
 - Disciplinary Procedures
 - Code of Conduct

Purchasing card process overview.

A simple overview of our Purchasing Card process is as follows.

- You place an order for goods or services with the supplier either by email, phone, internet or in person and agree to make payment using your card by either quoting your purchase card number or entering your card and pin number at the point of sale. NOTE: you may be asked for the three-digit CVV2 reference (Credit Card Validation) from the reverse of the card.
- The supplier processes the transaction requesting purchase authorisation from the bank.
- The bank verifies that the purchase is within the Council and Card-Holder spending limits. Within seconds, the supplier receives an approval, decline or referral to the bank.
- Once the payment has been authorised, it is essential that you get a receipt (if appropriate, a VAT Receipt), which **must be kept** as evidence of the purchase. If you make the purchase by phone, fax or internet, the supplier must send the sales voucher and tax invoice to you.
- You can either take your purchase with you or arrange to have it delivered, depending on the circumstances.

19. Card Application and Issuing

The card application process is managed by The Responsible Financial Officer.

Purchasing Card Levels

The purchasing level agreement is a maximum of £100.00 per transaction with an overall monthly limit spend of £250.00.

20. Use of the Purchase Card

Exclusions

Your card **must not be used** for the following types of transaction:

- Cash
- Consultants
- Construction work
- Alcohol
- To settle outstanding invoices
- For any personal spend

21. Managing Compliance

It is important that cards are properly used in accordance with these rules and associated Financial Regulations so that we can demonstrate proper accountability and transparency to the residents of Dormansland. Transactions will be monitored at the Full Council Meetings along side the bank reconciliations.

You must therefore comply with the requirements set out in the following paragraphs. Failure to do so could result in the council taking disciplinary action against the Cardholder, and/or action to recover the cost of non-compliant expenditure.

What is compliance?

Compliant card use means that:

- All transactions are in accordance with Financial Regulations and the exclusions set out above.

- All transactions are evidenced with receipts and VAT evidence (where applicable) within the monthly statement cycle period. Receipts must be a clear, complete, and accurate record of the transaction. Failure to obtain and retain VAT evidence (where applicable) results in significant financial loss to Dormansland Parish Council.

Dealing with fraud and non-compliance.

If compliance monitoring finds that the card may be being used inappropriately an investigation will take place. Both fraudulent and non-compliant uses are subject to disciplinary action, which could lead to dismissal.

Potential cases of *fraudulent* use are reported to the Chair of the Human Resources working group, and the card is suspended whilst investigations take place.

In the case of *non-compliance* being found, this will be notified to the CardHolder, and where relevant, details of the failure to meet requirements.

In the event of continuing non-compliance, the CardHolder will be notified, and it will be necessary to suspend the card concerned and initiate formal disciplinary action. The Council may also take action to recover the costs of inappropriate expenditure.

Appendix 3 – Statement of Internal Control

Statement of Internal Control and Annual Review of Effectiveness of Internal Control

1.0 OVERVIEW

1.1 Regulation 4 of the Accounts and Audit Regulations, 2003 as amended, imposes a duty on local councils to ensure “that the financial management of the body is adequate and effective and that the body has a sound system of internal control”.

1.2 Local councils are required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of its system of internal control. The council is

required to sign the annual governance statement (on the annual return submitted to the external auditor) to evidence that this review has been undertaken.

- 1.3 In order for the Parish Council to review the effectiveness of the internal control system there needs to be clarity on the internal controls in place.
- 1.4 Some internal controls are listed in the Financial Regulations document, but the system of controls goes beyond this. A Statement of Internal Controls has therefore been prepared and this is included following this report.

2.0 RECOMMENDATION

- 2.1 That the Parish Council consider the attached Statement of Internal Controls, reviewing it to consider whether the controls currently in place are effective.

Prepared by: Clerk & RFO

Signature of Chairman:

Date:

DORMANSLAND PARISH COUNCIL

Statement of Internal Control and Annual Review of Effectiveness of Internal Control

Cash Book/Bank Reconciliations

- The cashbook is kept electronically, maintained up to date from original documents (cash received, invoices, payments and direct debits made and cheques as they are prepared).
- The cashbook is reconciled to the bank statement at least monthly.
- Reconciled accounts are presented at each Parish Council meeting for reference.
- The cashbooks, payments and receipts and bank reconciliation is reviewed and approved by members of the Parish Council, with reference to the underlying records (bank statements and minutes plus copies of accounts papers etc.) at least annually.
- The bank reconciliation is reported to the full Parish Council and minuted as such.
- The latest financial position and movements on the Parish Council's cash balances are reported at each council meeting and can be traced back to the expenditure approved in the previous meeting via the expenditure lists.

Financial Regulations

- The Parish Council has adopted financial regulations, based on the model version prepared by NALC/SLCC. The regulations are reviewed annually for continued relevance and amended where necessary by the Responsible Financial Officer with any proposed amendments subject to approval by the Parish Council
- The Financial Regulations list the number of estimates, quotes or full tenders that must be invited depending on the value and nature of the work.

Payment Controls

- Depending on the nature of the supply, the RFO signs the purchase invoice to indicate that the supply has been received, that the supply has not previously been paid and that the invoice calculations are correct.
- Purchase orders/emails/letters ordering the work are matched to purchase invoices where applicable.
- Payments will be listed in cheques number order in the cashbook and in accounts files.

- All invoices for payment are listed and presented at the monthly Parish Council Meeting. The expenditure is to be authorised for payment.
- Payments made are listed and reported in the minutes of the meeting.
- Original invoices are available to the Councillors signing the cheques or authorising BACS payments.
- Cheques will be signed by two Councillors, who are authorised to sign on the council's bank mandate.
- The council has an online banking system in place, for the purpose of viewing statements and transferring funds between accounts.
- The RFO is authorised to transfer funds from one account to another, but not to make third party payments outside of the bank accounts in any form.
- The RFO maintains control of the cheque book at all times, cheques will only be issued and signed for payments approved in Council meetings.
- When invoices are paid by cheque, they are identified by the cheque number and referenced in the cashbook by the cheque number.
- This is cross checked with the bank statements.

VAT Repayment Claims

- The RFO ensures that all invoices are addressed to the Parish Council.
- The RFO ensures that proper VAT invoices are received where VAT is payable.
- The RFO maintains a VAT account to show that the correct amount of VAT is reclaimed in the year.

Income Controls

- The RFO ensures that amount of the precept received is correct in accordance with the precept request sent to the District Council.
- The RFO ensures that the precept installments are received when due.
- The RFO ensures that other are received when due and correctly calculated.
- Receipts are issued for cash received. Receipt numbers are recorded against payments.
- Income is banked promptly.

Financial Reporting

- A Budget control, comparing actual receipts and payments to the budget and the previous year is prepared on a regular basis, presented to the Parish Council in advance of the meeting and minuted.
- The budget is prepared in consultation with the Parish Council, as evidenced by reports and minutes in advance of the start of the year.
- The precept is set on the basis of the budget by the deadline set by Tandridge District Council.

Payroll Controls

- The Clerk is paid under PAYE as an employee and the necessary system for HMRC. RTI is in place.
- The Clerk's salary is set as per contract.
- The salary is paid by cheque
- The Clerk will ensure that all the necessary payroll returns are made to HMRC and will retain evidence that this has been done.

Office and Clerk's Expenses

- The Clerk submits a request for reimbursement of monies owing by way of an expense account, in advance of each meeting,
- Expenses are paid by cheque and the expense sheet treated as an invoice for accounting purposes.

Asset Control

- The RFO maintains a full asset register.
- The existence and condition of assets is checked on an annual basis by members of the Parish Council.
- The adequacy of insurance of the Parish Council's assets is considered annually in advance of the insurance renewal.

Fidelity Insurance

- There is a Fidelity Guarantee in place and the sum insured is adequate.

Documentation for completion Annually:

DORMANSLAND PARISH COUNCIL

INTERNAL AUDIT TESTS

INTERNAL CONTROL	TESTS
Proper Bookkeeping	Is the cashbook maintained and up-to-date? Is the cashbook arithmetic correct? Is the cashbook regularly balanced?
Standing Orders and Financial Regulations adopted and applied	Has the Council formally adopted standing orders and financial regulations?
Payment Controls	Has a Responsible finance officer been appointed with specific duties? Have items or services above the de minimus amount been competitively purchased? Are payments in the cashbook supported by invoices, authorised and minuted?

	<p>Has VAT on payments been identified, recorded and reclaimed?</p> <p>Is s137 expenditure separately recorded and within statutory limits?</p>
Risk Management Arrangements	<p>Does a review of the minutes identify any unusual financial activity?</p> <p>Do minutes record the council carrying out an annual risk assessment?</p> <p>Is insurance cover appropriate and adequate?</p> <p>Fidelity Guarantee – is appropriate and adequate cover in place?</p> <p>Are internal financial controls documented and regularly reviewed?</p>
Budgetary Controls	<p>Has the Council prepared an annual budget in support of its precept?</p> <p>Is actual expenditure against the budget regularly reported to the Council?</p> <p>Are there any significant unexplained variances from budget?</p>
Income Controls	<p>Is income properly recorded and promptly banked?</p> <p>Does the precept recorded agree to the Council Tax authority's notification?</p> <p>Does the precept recorded agree to the Council Tax authority's notification?</p>

	<p>Are security controls over cash and near-cash adequate and effective?</p>
<p>Petty Cash Procedures</p>	<p>Is all petty cash spent recorded and supported by VAT invoices/receipts?</p> <p>Is petty cash expenditure reported to each council meeting?</p> <p>Is petty cash reimbursement carried out regularly?</p>
<p>Payroll Controls</p>	<p>Do all employees have contracts of employment with clear terms and conditions?</p> <p>Do salaries paid agree with those approved by the Council?</p> <p>Are other payments to employees reasonable and approved by the Council?</p> <p>Have PAYE/NIC been properly operated by the Council as an employer?</p>
<p>Assets Controls</p>	<p>Does the Council maintain a register of all material assets owned or in its care?</p> <p>Are the assets and investments registers up to date?</p> <p>Do asset insurance valuations agree with those in the asset register?</p>
<p>Bank Reconciliation</p>	<p>Is there a bank reconciliation for each account?</p> <p>Is a bank reconciliation carried out regularly and in a timely fashion?</p> <p>Are there any unexplained balancing entries in any reconciliation?</p>

	Is the value of investments held summarised on the reconciliation?
Year-end Procedures	<p>Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)?</p> <p>Do accounts agree with the cashbook?</p> <p>Is there an audit trail from underlying financial records to the accounts?</p> <p>Where appropriate, have debtors and creditors been properly recorded?</p>

Draft