



## BEMBRIDGE PARISH COUNCIL

**The Clerk to the Council,**  
5 Foreland Road, Bembridge, Isle of Wight, PO35 5XN  
**Tel:** 01983 874160 **Email:** [clerk@bembridgepc.org.uk](mailto:clerk@bembridgepc.org.uk)

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# FINANCIAL REGULATIONS

Revised February 2024

Bembridge Parish Council  
[RFO@bembridgepc.org.uk](mailto:RFO@bembridgepc.org.uk)

## CONTENTS

1. GENERAL	page 2
2. ACCOUNTING AND AUDIT	page 2
3. BUDGETING	page 4
4. BUDGETARY CONTROL	page 4
5. BANKING ARRANGEMENTS	page 5
6. PAYMENTS OF ACCOUNTS	page 5
7. PAYMENTS OF SALARIES	page 6
8. LOANS AND INVESTMENTS	page 7
9. INCOME	page 7
10. CONTRACTS AND ORDERS FOR WORK, GOODS AND SERVICES	page 8
11. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS	page 9
12. ASSETS, PROPERTIES AND ESTATES	page 9
13. INSURANCE	page 10
14. CHARITIES	page 10
15. RISK MANAGEMENT	page 11
16. TRANSPARENCY	page 11

# BEMBRIDGE PARISH COUNCIL

## FINANCIAL REGULATIONS

These Financial Regulations were adopted by the council at its meeting held on xx xxxx 2024.

### **1. GENERAL**

- 1.1 These financial regulations govern the conduct of financial management by the council, they set out how all money matters are dealt with and should be complied with at all times. They may only be amended or varied by resolution of the council.
- 1.2 The Responsible Financial Officer (RFO) shall be appointed by the council. The RFO, acting under policy direction of the council, shall administer the council's financial affairs in accordance with proper practices.
- 1.3 The RFO shall produce financial management information as required by the council.
- 1.4 At least once a year, prior to approving the Annual Governance Statement, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.5 The council may delegate some of its powers and responsibilities under these Regulations to its committees.

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

- 2.1 All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations 2015 or other statutory instrument which may supersede those regulations.
- 2.2 The RFO shall complete the Annual Statement of Accounts, Annual Report, and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations 2015 or other statutory instrument which may supersede those regulations.

- 2.3 The council shall ensure that there is adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor, with such information and explanation as the RFO or Internal Auditor, consider necessary for that purpose.
- 2.4 The Internal Auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.
- 2.5 The Internal Auditor shall:
- be competent and independent of the financial operations of the council;
  - report to council in writing on a regular basis with a minimum of one annual written report during each financial year;
  - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships, and have no involvement in the financial decision making, management or control of the council.
- 2.6 For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 2.7 The council will consider and act on any items appearing in the internal and/or external audit reports for the financial year just ended.
- 2.8 Sections 1 and 2 of the Annual Return shall be completed and approved by the council and signed and dated by the Chairman and RFO and the minute reference recorded.
- 2.9 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 statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations 2015 or other statutory instrument which may supersede those regulations.
- 2.10 The RFO shall, as soon as practicable, bring to the attention of all councillors any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative nature.

### **3. BUDGETING**

- 3.1 The RFO, in conjunction with relevant committees and working groups, shall prepare a three-year Business Plan containing forecasts of all receipts and payments including the recommended use of reserves and all sources of funding, to be considered by the council and updated annually.
- 3.2 The Business Plan will include the financial objectives of maintaining a General Reserve of no less than 5 months of average revenue expenditure, and the aim to maintain a year-on-year precept increase within the range of 5 – 10%.
- 3.3 The RFO, in conjunction with relevant committees and working groups, and with consideration to the council's three-year forecast as provided in Regulation 3.1 above, shall prepare an annual budget no later than the end of January to be considered by the council. This shall include where possible detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year.
- 3.4 The council shall review the budget no later than the end of January each year and fix the Precept to be levied for the ensuing financial year to comply with Isle of Wight Council Precept request deadlines. The RFO shall issue the precept request to the billing authority and shall supply each member with a copy of the approved annual budget.
- 3.5 The approved annual budget shall form the basis of financial control for the ensuing year.

### **4. BUDGETARY CONTROL**

- 4.1 Expenditure on revenue items may be incurred and agreed by a duly delegated committee, up to the amounts included in the approved annual budget.
- 4.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the council. During the budget year and with the approval of the council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.

- 4.3 The RFO shall regularly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at the end of each financial quarter.
- 4.4 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the council.
- 4.5 No expenditure shall be incurred in relation to any capital project and no contract entered into, or tender accepted, involving capital expenditure unless the council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 4.6 All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.

## **5. BANKING ARRANGEMENTS**

- 5.1 The council's banking arrangements, including the bank mandate, shall be made by the RFO, and approved by the council. They shall be regularly reviewed for efficiency.
- 5.2 Cheques drawn on the bank account shall be signed by two signatories appointed by the council, in accordance with the bank mandate provided in regulation 5.1 above. The signatories shall each also initial the cheque counterfoil.
- 5.3 The RFO and Chair will be the signatories for the Council's banking arrangements and the authorised persons to undertake payments by electronic transfer.

## **6. PAYMENT OF ACCOUNTS**

- 6.1 Apart from petty cash, the normal method of payment of money due from the council shall be by cheque/Bacs/direct debit or other order drawn on the council's bankers.
- 6.2 The RFO has delegated authority to settle any invoice due the council, in accordance with regulations 4.1 and 4.2 above. Before payment of accounts is made the RFO will check invoices against purchase orders and must be satisfied that the goods have been received or works undertaken, are in accordance with specification, that the account is correctly made out and that the relevant

expenditure has been properly incurred. Purchase orders will be filed alongside relevant invoices. A list of all payments made will be presented, as soon as practicable, to the council for noting.

- 6.3 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement.
- a) The RFO shall maintain as petty cash float of £100 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept substantiating the payment.
  - b) Income received must not be paid into the petty cash float but must be separately banked.

## **7. PAYMENT OF SALARIES**

- 7.1 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 salary rates shall be as agreed by council, or duly delegated committee.
- 7.2 Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to next available council meeting, as provided in regulation 6.2 above.
- 7.3 Variations in hours to basic salary payments shall be agreed by the Staffing Committee and certified payment made by arrangement through the RFO.
- 7.4 No changes shall be made to any employee's salary, emoluments, or terms and conditions of employment without the prior consent of the council.

## **8. LOANS AND INVESTMENTS**

- 8.1 All borrowings shall be negotiated by the RFO in the name of the council after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by the council as to terms and purpose. The application for borrowing approval, and subsequent arrangements for the loan shall only be approved by full council. The terms and conditions of borrowing will be reviewed at least annually.
- 8.2 All loans and investments shall be negotiated in the name of the council and shall be for a set period in accordance with council policy.
- 8.3 All investments of money under the control of the council shall be in the name of the council.
- 8.4 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## **9. INCOME**

- 9.1 The collection of all sums due to the council shall be the responsibility of and under the supervision of the RFO.
- 9.2 Particulars of all charges to be made for work done, services rendered, or goods supplied shall be agreed annually by the council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the council.
- 9.3 The council will review all fees and charges at least annually, following a report of the RFO.
- 9.4 Any sums found to be irrecoverable, and any bad debts shall be reported to the council and shall be written off in the year.
- 9.5 All sums received on behalf of the council shall be banked intact within one month of receipt by the RFO.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the council.



- 9.8 The RFO shall promptly complete any VAT Return that is required. Any repayment claims due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.

## **10. CONTRACTS AND ORDERS FOR WORK, GOODS AND SERVICES**

- 10.1 Procedures to be followed for the procurement of work, goods and services are to be in accordance with the council Standing Order 18 – Financial Controls and Procurement.
- 10.2 Every contract shall comply with these financial regulations, with exception given only to contracts which relate to items (i) to (vi) below:
- (i) for the supply of gas, electricity, water, sewerage, telephone and broadband services;
  - (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
  - (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;
  - (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
  - (v) for additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chair of council);
  - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- 10.3 When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the council.
- 10.4 Any invitation to tender issued under this regulation shall be subject to Standing Order 18.d. and the following additional regulations:
- A) If less than three tenders are received for contracts above £25,000 or if all the tenders are identical the council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
  - B) Should it occur that 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, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision-making process was being undertaken.
  - C) All invitations to tender shall refer to the Bribery Act 2010.

- 10.5 When it is to enter into a contract less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in regulation 10.2 above, the RFO shall obtain 3 quotations (priced descriptions of the proposed supply).

Where the value is below £5,000 and above £1,500 the RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.

## **11 PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

- 11.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).

- 11.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the council.

- 11.3 Any variation to a contract or addition to or omission from a contract must be approved by the council to the contractor in writing, the council being informed where the final cost is likely to exceed the financial provision.

## **12 ASSETS, PROPERTIES AND ESTATES**

- 12.1 The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the council. The RFO shall ensure a record is maintained of all properties held by the council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.

- 12.2 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, save where the estimated value of any one item of tangible movable property does not exceed £1000.

- 12.3 No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law, In each case a Report in writing 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).

No real property (interests in land) shall be purchased or acquired without the authority of the full council. In each case a Report in writing 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).

- 12.4 Subject only to the limit set in Reg 12.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full council. In each case a Report in writing shall be provided to council with a full business case.
- 12.5 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. 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.

## **13**     **INSURANCE**

- 13.1 Following the annual risk assessment (per Financial Regulation 15), the RFO shall affect all insurances and negotiate all claims on the council's insurers.
- 13.2 The RFO shall keep a record of all insurances affected by the council and the property and risks covered thereby and annually review it.
- 13.3 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim and shall report these to council at the next available meeting.
- 13.4 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.

## **14**     **CHARITIES**

Where the Council is the sole managing trustee of a charitable body the RFO shall ensure that separate bank 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.

## **15**     **RISK MANAGEMENT**

- 15.1     The council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare risk management policy statements in respect of all activities of the council business for approval by the council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
  
- 15.2     When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

## **16**     **TRANSPARENCY**

- 16.1     The council shall act in accordance with the [Local Government Transparency Code 2015](#).