

# Ash Parish Council



## Financial Regulations

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## **FINANCIAL REGULATIONS**

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## **FINANCIAL REGULATIONS**

### **1. GENERAL**

- 1.1 These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.
- 1.2 The Responsible Financial Officer (RFO) under the policy direction of the Council shall be responsible for the proper administration of the Council's affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.

### **2. ANNUAL ESTIMATES**

Each Committee shall formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of September each year.

- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.
- 2.3 The Finance and Administration committee shall review the budget and submit it to the Council not later than the December council meeting and shall fix the Precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved budget.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall prepare and have regard to a three year forecast of Revenue and Capital Receipts and Payments which shall be prepared at the same time as the annual Budget.

### **3. BUDGETARY CONTROL**

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget unless a virement has been approved by the Finance and Administration Committee or the Council.
- 3.3 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 against that planned.

- 3.4 The Clerk may incur expenditure on behalf of the Council that is necessary to carry out any repair replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £2500.00. The Clerk shall report the action to the Finance and Administration committee as soon as practicable thereafter.
- 3.5 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings elsewhere within the budget, it should be subject to the provision of a supplementary budget approved by the Finance and Administration Committee or the Council.
- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 3.7 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.
- 3.8 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

#### 4. **ACCOUNTING AND AUDIT**

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Local Audit and Accountability Act 2014.
- 4.2 The RFO shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them to the Council.
- 4.3 The RFO shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Smaller Authorities Audit Appointments Limited) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Smaller Authorities Audit and Accountability Regulations 2015 or set by the External Auditor.
- 4.4 The RFO shall be responsible for ensuring that there is an adequate and effective system of internal audit of the Councils accounting, financial and other operations in accordance with the Local Audit and Accountability Bill 2014. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which 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 considers necessary for that purpose.

- 4.5 The Internal Auditor shall carry out the work required by the RFO, or by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return compiled annually. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers by local electors in the exercise of their rights as required by Smaller Authorities Local Audit and Accountability Act 2015. The RFO must set the dates for inspection for a single period of 30 working days, with the earliest commencement date of 9 June and the latest commencement date of 1 July. The inspection period must include the first 10 days of July. The inspection period will be confirmed at the Council Meeting held in March of each year.
- 4.7 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 matter.

## 5. **BANKING ARRANGEMENTS AND CHEQUES**

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. Three accounts shall be maintained:
- a) Co-operative Bank Current Account (Community Call Account)
  - b) Bank of Scotland Deposit Account (Instant Business Account)
  - c) Lloyds Bank Group Current Account (Treasurers Account)

They shall be regularly reviewed for efficiency.

- 5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO, together with the relevant invoices signed by the Chairman of the Finance and Administration Committee and the schedule of payments be presented to the Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be signed by the Chairman of the Meeting. The schedule of payments list will be detailed in the Minutes of the Meeting.
- 5.3 Cheques *drawn on the bank account* in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4 shall be signed by two members of the Council and either the Clerk, RFO or nominated Administrator in respect of cheques up to the value of £10,000.00. Cheques in excess of this value shall be signed as above plus an additional member of the council.

Bank Mandate requirements for **internet** transfer of monies from the Bank of Scotland (account 2 above) can only be made to the account current account held with the Lloyds Bank Group (account 3 above). Unless specific instructions have been agreed by the Council and signed in accordance with the current mandate. Further transfer from the current account (3) can only be made to the account held at the Co-operative Bank (account 1 above) upon authorised signature.

Payroll payment through the Internet Banking System will be authorised by the Clerk, RFO or nominated Administrator with two authorised signatories signing off the Payments Pending List. The upper limit of the monthly payroll being £14,000.00 with an upper single payment limit of £2,500.00.

- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

## 6. PAYMENT OF ACCOUNTS

All payments shall be effected by cheque or other order drawn on the Council's bankers.

- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.4 When the RFO is satisfied that invoices are in order he/she shall pass them to the chairman of the Finance and Administration committee for final certification in the box provided.
- 6.5 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of the Council, where the Clerk and RFO certify that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
- 6.6 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 £250 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
  - b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.

- c) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under 5.2 above.

## 7. **PAYMENT OF SALARIES**

- 7.1 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 agreed by Council.
- 7.2 All time sheets shall be certified as to accuracy by or on behalf of the clerk.
- 7.3 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates, provided that each payment is reported to and ratified by the next available Council Meeting. The RFO shall ensure that monthly RTI records are submitted to HMRC as required.

## 8. **LOANS AND INVESTMENTS**

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.2 The Council's Investment Policy, shall be in accordance with the Trustee Act 2000, and shall be reviewed on a regular basis (at least annually).
- 8.3 All investments of money under the control of the Council shall be in the name of the Council.
- 8.4 All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose.
- 8.5 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 by the Council, notified to the RFO and the RFO shall be responsible for collection of all accounts due to the Council.

- 9.3 The Council will review all fees and charges annually, following a report of the Clerk.
- 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 as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6 The origin of each receipt shall be entered in the cash book and all cheques 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 claim due in accordance with VAT Act 1994 section 33 shall be made quarterly in line with the date of the quarterly VAT return.
- 9.9 Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps to ensure that there is a reconciliation between the cash book and the bank paying in slip, and that appropriate care is taken in the security and safety of individuals banking such cash.

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

- 10.1 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 and filed with the appropriate invoice.
- 10.2 Order forms shall be controlled by the RFO.
- 10.3 All members and Officers are responsible for obtaining value for money at all times. An Officer issuing an official order is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three quotations from appropriate suppliers, subject to any de minimis provisions in Regulation 11(1) below.
- 10.4 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

## 11. **CONTRACTS**

- 11.1 Procedures as to contracts are laid down as follows:



(a) Every contract shall comply with these financial regulations, and no exception shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:

- (i) for the supply of gas, electricity, water, sewerage and telephone services;
- (ii) for specialist services such as are provided by solicitors, accountants, insurance brokers, 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 £350 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of Council);
- (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

(b) Where it is intended to enter into a contract exceeding **£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 paragraph (a) the Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.

(c)

(i) 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.

(ii) Every exception made by a committee to which the power of making contracts has been delegated shall be reported to the council and the report shall specify the emergency by which the exception shall have been justified.

(d) Such 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. The invitation shall in addition state that tenders must be addressed to the Clerk and the last date by which such tenders shall reach the Clerk in the ordinary course of post. 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.

(e) 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.

(f) 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.

(g) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 60, 62 and 63.

(h) 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 paragraph (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below **£1,000** and above **£100** the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10(3) above shall apply.

(i) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

## 12. **PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

12.1 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).

12.2 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 by 5% or more a report shall be submitted to the Council.

12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

## 13. **STORES AND EQUIPMENT**

13.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.

13.2 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.

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

- 13.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

14. **PROPERTIES AND ESTATES**

- 14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all properties owned 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 the Local Audit and Accountability Act 2014.
- 14.2 No property shall be 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 £500.

15. **INSURANCE**

- 15.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers [in consultation with the Clerk].
- 15.2 The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.4 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 the appropriate committee at the next available meeting.
- 15.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by Council.

16. **CHARITIES**

- 16.1 Where the Council is sole trustee of a Charitable body the Clerk and RFO shall ensure that accounts are kept of the funds held on charitable trusts and financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission and any further regulations issued following the Local Audit and Accountability Bill which gained Royal Assent on 30 January 2014.

The Clerk and RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

17. **RISK MANAGEMENT**

17.1 The Clerk with the RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.

17.2 When considering any new activity the Clerk and RFO shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

18. **REVISION OF FINANCIAL REGULATIONS**

18.1 It shall be the duty of the Finance and Administration committee to review the Financial Regulations of the Council from time to time, and to make recommendations to the Council as deemed necessary.