

LITTLETON & HARESTOCK PARISH COUNCIL

FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Finance Committee of the Parish Council at its Meeting held 17 May 2012 and reviewed annually, this year on 1 May 2018.

1. GENERAL

- 1.1 These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of financial control, which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the Council meets these responsibilities.
- 1.2 The Clerk to the Parish is also the Parish's Responsible Financial Officer (RFO). The Clerk/RFO, acting under the direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The Clerk/RFO shall determine on behalf of the Council its accounting records and accounting control systems. The Clerk/RFO shall ensure that the accounting control systems are observed and that the accounting records of the Council are maintained and kept up to date in accordance with proper practices.
- 1.3 The Clerk/RFO shall produce financial management information as required by the Council.
- 1.4 At least once a year, prior to approving the annual return, the Council shall conduct a review of the effectiveness of its system of internal control, which shall be in accordance with proper practices.
- 1.5 In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.
- 1.6 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability in local Councils in England and Wales – a Practitioners' Guide which is updated from time to time.

2. ANNUAL ESTIMATES (BUDGET)

- 2.1 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the Clerk/RFO in the form of a budget to be considered by the Council.
- 2.2 The Council shall review the budget each year during either November or December and shall fix the Precept to be levied for the ensuing financial year. The Clerk/RFO

shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.

- 2.3 The annual budgets shall form the basis of financial control for the ensuing year.

3 BUDGETARY CONTROL

- 3.1 Expenditure may be incurred up to the amounts included for that class of expenditure in the approved budget.

- 3.2 During the budget year and with the approval of 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.

- 3.3 The Clerk/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 least twice a year.

- 3.4 The Clerk/RFO may incur expenditure on behalf of the Council which 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 £1000. The Clerk/RFO shall report the action to the Council as soon as practicable thereafter.

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of the Council shall be determined by the Clerk/RFO in accordance with the current Accounts and Audit Regulations.

- 4.2 The Clerk/RFO shall complete the annual financial statements of the Council, including the Council's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.

- 4.3 The Clerk/RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.

- 4.4 The Clerk/RFO shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. The Clerk/RFO or member of the Council shall, if the Internal Auditor requires, make available such documents of the Council which appear to the Internal Auditor to be necessary for the purpose of the internal audit and shall supply the Internal Auditor with such information and explanation as the Internal Auditor considers necessary for that purpose.

- 4.5 The Internal Auditor shall be appointed by and shall carry out the work required by the Council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing, or in person, on a regular basis with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and

independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision-making, management or control of the Council.

- 4.6 The Clerk/RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.
- 4.7 The Clerk/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

- 5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the Clerk/RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of the payments required, forming part of the Agenda for the monthly Parish Council Meeting, shall be prepared by the Clerk/RFO and be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman of the Meeting and the payment sum may be shown in the Minutes of the Meeting.
- 5.3 Cheques and debit card payments 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 Council.

6 PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by debit card electronic payment, 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/RFO. The Clerk/RFO shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved and shall take all steps to settle all invoices submitted as soon as possible, and to be authorised for payment at the next available Parish Council Meeting.
- 6.3 If the due date for payment is before the next scheduled Meeting of Council or if a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and, where the Clerk/RFO certify that there is no dispute or other reason to delay payment, the Clerk/RFO may (notwithstanding para 6.2) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of the Parish Council.
- 6.4 If deemed appropriate by the Council, payment for utility supplies (energy, telephone, internet service and water) may be made by variable Direct Debit or payment by Internet Banking provided that the instructions are signed by two members and any payments are reported to Council as made.

- 6.5 Payments made by debit card on the account are authorised by two parish councillors with a specific statement to authorise payment written on each invoice so paid. The clerk effects the payment electronically using the debit card and card reader provided by the bank.

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 salaries shall be as agreed by Council.
- 7.2 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 stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council Meeting.

8 LOANS AND INVESTMENTS

- 8.1 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.
- 8.2 The Council shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Policy shall be reviewed 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 affected 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. The terms and conditions of borrowings shall be reviewed at least annually.
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk/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 Clerk/RFO.
- 9.2. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

- 9.3 All sums received on behalf of the Council shall be banked intact as directed by the Clerk/RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Clerk/RFO considers necessary.
- 9.4 The origin of each receipt shall be entered on the paying-in slip.
- 9.5 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.6 The Clerk/RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.

10 ORDERS FOR WORK, GOODS AND SERVICES

- 10.1 All members and Officers are responsible for obtaining value for money at all times. When the Clerk/RFO issues an official order, he/she shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 (I) below.

11 CONTRACTS

- 11.1 Procedures as to contracts are laid down as follows:
- (a) Every contract shall comply with these financial regulations, and no exceptions 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, 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 £250 (in excess of this sum the Clerk/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 £50,000 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/RFO shall invite tenders from at least three firms to be taken from the appropriate approved list.

- (c) 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.
- (d) Such invitation to tender shall state the general nature of the intended contract and the Clerk/RFO 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/RFO 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.
- (f) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk/RFO in the presence of at least one member of Council.
- (g) If less than three tenders are received for contracts above £50,000 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.
- (h) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 60, 61 and 62.
- (i) When it is to enter into a contract less than £50,000 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/RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £30,000 and above £5,000 the Clerk/RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
- (j) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

12 STORES AND EQUIPMENT

- 12.1 Stocks shall be kept at the minimum levels consistent with operational requirements. There are only small stocks of stationery and office consumables maintained at any given time.

13 ASSETS, PROPERTIES AND ESTATES

- 13.1 The Clerk/RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk/RFO shall ensure a record is maintained of all property 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 Accounts and Audit Regulations.

- 13.2 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 £250.
- 13.3 The Clerk/RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date, possibly in conjunction with a health and safety inspection of assets.

14 INSURANCE

- 14.1 Following the annual risk assessment (per Financial Regulation 17), the Clerk/RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 14.2 The Clerk/RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and annually review it.
- 14.3 The Clerk/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.
- 14.4 All appropriate employees of the Council and Council members shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

15 CHARITIES

- 15.1 Where the Council is sole trustee of a Charitable body the Clerk/RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Clerk/RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

16 RISK MANAGEMENT

- 16.1 The Council is responsible for putting in place arrangements for the management of risk and when considering any new activity, the Clerk/RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council, updating the annual overall Parish Council Risk Assessment accordingly.

17 REVISION OF FINANCIAL REGULATIONS

- 17.1 It shall be the duty of the Council to review the Financial Regulations of the Council at least annually. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.

Signed and dated:

Name of Chairman: