

Milton Damerel Parish Council

FINANCIAL REGULATIONS

1 GENERAL

- 1.1 These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. 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 function, including arrangements for the management of risk and the prevention and detection of fraud and corruption.
These financial regulations are designed to demonstrate how the Council meets these responsibilities.
- 1.2 The Proper Financial Officer (PFO) is a statutory office and shall be appointed by the Council. The PFO for this council is the Parish Clerk and these regulations will be applied by the PFO accordingly.
The PFO, acting under the policy Direction of the council, shall administer the Council's financial affairs in accordance with proper practices. The PFO shall determine on behalf of the Council its accounting records and accounting control systems. The PFO 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 PFO 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 the system of internal control which shall be in accordance with proper practices.
- 1.5 In the financial regulations, references to the Accounts and Audit Regulations shall mean the Accounts & Audit (England) Regulations 2011 or any subsequent revision 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' published jointly by NALC and SLCC.

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 PFO in the form of a budget to be considered by the Council.
- 2.2 The Council shall review the budget not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The PFO shall issue the Precept demand to the billing authority and shall supply each member with a copy of the approved budget.
- 2.3 The annual budget shall form the basis of financial control for the ensuing year.

3 BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure without prior approval 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.
- 3.3 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 or the requisite borrowing approval has been obtained
- 3.4 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 PFO in accordance with the Accounts and Audit Regulations.
- 4.2 The PFO 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 PFO 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 resolution by the Council within the timescales set by the Accounts and Audit Regulations.
- 4.4 The PFO 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. If the PFO or Internal Auditor requires, any Officer or Member of the Council shall make available such documents of the Council which appear to the PFO or the Internal Auditor to be necessary for the purpose of internal audit and shall supply the RFO or the Internal Auditor with such information and explanation as the PFO or 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 the 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 PFO 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 accounts required by the Audit Commission Act 1998 and the Accounts and Audit Regulations.
- 4.7 The PFO shall, as soon as is 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, including the Bank Mandate, shall be made by the PFO and approved by the Council. They shall be reviewed regularly for efficiency.
- 5.2 A schedule of the payments required, forming part of the Agenda for the meeting, shall be prepared by the PFO and, together with the relevant invoices, be presented to the Council. If the schedule is in order it shall be authorised by resolution of the Council and shall be initialed by the Chairman of the Meeting.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in 5.2 or in accordance with paragraph 6.4 shall be signed by two members of the Council.
- 5.4 To indicate agreement of the details shown on the cheque with the counterfoil and the invoice or similar documentation, each signatory shall initial also the cheque counterfoil and the invoice relating to the cheque.

6 PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by cheque drawn on the Council's bankers.
- 6.2 All invoices for payment shall be examined, verified and certified by the PFO. The PFO 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 RFO shall take all steps to settle all invoices submitted, and which are in order, at the next available Council meeting.
- 6.5 The Council will not maintain any form of cash float. All cash received must be banked intact. All payments made in cash by the Clerk/RFO (e.g. for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

7 PAYMENT OF SALARIES

- 7.1 As an employer, the council shall make arrangements to fully meet 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 the Council.
- 7.2 Payment of salaries and payment of reduction from salaries 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, providing 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 agreed by the 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 PFO.

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 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 as directed by the PFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the PFO considers necessary.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.8 The PFO shall complete promptly any VAT Return that is required. Any repayment claim due in accordance with provisions made for refunds by Local Authorities and Similar Bodies under the VAT Act 1994 Section 33 shall be made at least annually coinciding with the financial year end. It is noted that it is not necessary for the Council to register for VAT under these provisions.

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
- 10.3 All Members and Officers are responsible for obtaining value for money at all times. An Officer issuing an official letter 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 minimus provisions in Regulation 11 (1) below.
- 10.4 The PFO 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 exceptions shall be made otherwise than in an emergency.
 - (i) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - (ii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing equipment;
 - (iii) for work to be executed or goods or materials supplied which constitute an extension of an existing contract by the Council;
- 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 expected as set out in paragraph (a) the RFO shall invite tenders from at least three firms to be taken from the appropriate approved list.
- c) When applications are being 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 RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases. In addition the invitation shall state that tenders must be addressed to the 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 so 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 PFO in the presence of at least one Member of the Council.
- f) If less than three tenders are received for the 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) 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 expected as set out in paragraph (a) the PFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £100 the PFO 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 ASSETS, PROPERTIES AND ESTATES

- 12.1 The Clerk shall ensure a record is maintained of all properties owned by the Council, recording the location, plan, nature of the interest.
- 12.2 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 an item of tangible movable property does not exceed £50.
- 12.3 The PFO 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.

13 INSURANCE

- 13.1 Following the annual risk assessment (per Financial Regulation 14) the PFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 13.2 The PFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 13.3 The PFO 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 Council at the next available meeting

14 RISK MANAGEMENT

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

15 REVISION OF FINANCIAL REGULATIONS

15.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The PFO shall work alongside the Clerk to 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 : Chairman

Date of adoption
by the Council15/03/2015

Updated5th March 2018

Signed Chairman Councillor Stephen Moyse