

NORTHFIELD MANAGEMENT COMMITTEE

These Financial Regulations were approved and adopted by Hartley Parish Council at its meeting held on 09 May 2016 and by Ash-cum-Ridley Parish Council at its meeting held on 19 May 2016

Definitions

The “Committee” shall mean the Northfield Management Committee.

The “Councils” shall mean the parish councils of Ash-cum-Ridley and Hartley.

“Members” shall mean Members of the Northfield Management Committee, (not co-opted Members).

1. GENERAL

- 1.1. These financial regulations govern the conduct of financial management by the Committee and may only be amended or varied by resolution of the Councils. Financial regulations are one of the Committee’s governing policy documents providing procedural guidance for members and officers. Financial regulations must be observed in conjunction with the Committee’s standing orders¹ and any individual financial regulations relating to contracts.
- 1.2. The Committee is responsible in law for ensuring that its financial management is adequate and effective and that the Committee has a sound system of internal control which facilitates the effective exercise of the Committee’s functions, including arrangements for the management of risk.
- 1.3. The Committee’s accounting control systems must include measures:
 - for the timely production of accounts;
 - that provide for the safe and efficient safeguarding of public money;
 - to prevent and detect inaccuracy and fraud; and
 - identifying the duties of officers.
- 1.4. These financial regulations demonstrate how the Committee meets these responsibilities and requirements.
- 1.5. At least once a year, prior to approving the Annual Governance Statement, the Committee must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6. A breach of these Regulations by an employee is gross misconduct.
- 1.7. Members of the Committee are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of Councillor into disrepute.

¹ Model standing orders for councils are available in Local Councils Explained © 2013 National Association of Local Councils

- 1.8. The Secretary and Treasurer, as appointed by the Committee, shall act under the policy direction of the Councils and Committee, shall be responsible for the proper administration of the Committee's affairs and shall co-operate with each other in complying with these Financial Regulations.
- 1.9. The Treasurer;
- acts under the policy direction of the Councils;
 - administers the Committee's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines on behalf of the Committee its accounting records and accounting control systems;
 - ensures the accounting control systems are observed;
 - maintains the accounting records of the Committee up to date in accordance with proper practices;
 - assists the Committee to secure economy, efficiency and effectiveness in the use of its resources; and
 - produces financial management information as required by the Committee.
- 1.10. The accounting records determined by the Treasurer shall be sufficient to show and explain the Committee's transactions and to enable the Treasurer to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the council from time to time comply with the Accounts and Audit Regulations².
- 1.11. The accounting records determined by the Treasurer shall in particular contain:
- entries from day to day of all sums of money received and expended by the Committee and the matters to which the income and expenditure or receipts and payments account relate;
 - a record of the assets and liabilities of the Committee; and
 - wherever relevant, a record of the Committee's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.12. The accounting control systems determined by the Treasurer shall include:
- procedures to ensure that the financial transactions of the Committee are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
 - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;

² In England - Accounts and Audit (England) Regulations 2011/817

- identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions; and
 - measures to ensure that risk is properly managed.
- 1.13. The Committee must determine and keep under regular review the bank mandate for the Committee's bank accounts.
- 1.14. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils– a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

2. ACCOUNTING AND INTERNAL AUDIT

- 1.1 All accounting procedures and financial records of the council shall be determined by the Treasurer in accordance with the Accounts and Audit Regulations, appropriate Guidance and proper practices.
- 1.2 At every meeting of the Committee, the Treasurer shall make available, for verification, the bank reconciliations of the Committee's bank accounts and one Member of the Committee shall sign the reconciliations and the original bank statements as evidence of verification.
- 1.3 The Treasurer shall complete the annual statement of accounts, annual report, and any related documents of the Committee contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial
- 1.4 The Committee shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices.
- 1.5 The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the Committee in accordance with proper practices.
- 1.6 The internal auditor shall:
- be competent and independent of the financial operations of the Committee;
 - report to Committee with 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 Committee.

1.7 Internal Auditors may not under any circumstances:

- perform any operational duties for the Committee;
- initiate or approve accounting transactions; or
- direct the activities of any officers of the Committee, except to the extent that such officers have been appropriately assigned to assist the auditors.

1.8 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.

1.9 The Treasurer 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

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

2.ANNUAL ESTIMATES (BUDGET)

2.1 The Committee shall formulate and submit proposals to the Councils in respect of revenue costs and capital costs, if applicable, and annual contribution to be paid by each Council for the following financial year not later than the end of October of each year.

2.2 The Treasurer must each year prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Committee.

2.3 The Councils shall review the Committee's estimates not later than the end of January each year and shall agree the annual contribution to be paid to the Committee for the ensuing financial year. The Treasurer shall supply each member of the Committee with a copy of the approved estimates.

2.4 Each Council shall pay to the Committee its share of the approved annual contribution in two equal instalments, to be paid no later than 30th April and 31st October in each year.

2.5 The approved annual budget shall form the basis of financial control for the ensuing year.

3.BUDGETARY CONTROL AND AUTHORITY TO SPEND

3.1 Except with the approval of the Councils, the Committee may only incur expenditure up to the amounts included in the approved budget.

- 3.2 The Treasurer shall regularly provide the Committee with a statement of receipts and payments to date under each head of the budget, comparing actual expenditure against that planned as shown in the budget.
- 3.3 Unspent provision in the budget shall be carried forward to the subsequent year, unless the Councils require the unspent balances to be returned to them.
- 3.4 The Secretary may authorise revenue expenditure on behalf of the Committee which in the Secretary's judgement it is necessary to carry out. Such expenditure includes repair, replacement or other work, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The Secretary shall report such action to the Co-Chairmen as soon as possible and to the Committee as soon as practicable thereafter.
- 3.5 No expenditure shall be authorised in relation to any capital project without the prior approval of the Councils.
- 3.6 No expenditure shall be authorised in relation to any contract entered into or tender accepted involving revenue expenditure unless the Committee is satisfied that the necessary funds are available.
- 3.7 All capital works shall be administered in accordance with the Committee's standing orders and financial regulations relating to contracts.
- 3.8 Changes in earmarked reserves shall be approved by the Committee as part of the budgetary control process.

4. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS

- 4.1 The Committee's banking arrangements, including the bank mandate, shall be made and approved by the Committee. They shall be regularly reviewed for safety and efficiency.
- 4.2 The Treasurer shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to the Committee. The Committee shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the Committee. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised.
- 4.3 All invoices for payment shall be examined, verified and certified by the Treasurer to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the Committee.
- 4.4 The Treasurer shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The Treasurer shall take all steps to pay all invoices submitted, and which are in order, at the next available Committee Meeting.
- 4.5 The Treasurer shall have delegated authority to authorise the payment of items only in the following circumstances 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

Committee, where the Secretary and the Treasurer 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 the Committee;

- 4.6 Members are subject to the Code of Conduct that has been adopted by their respective Councils and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.
- 4.7 The Committee will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.

5. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

- 5.1 The Committee will make safe and efficient arrangements for the making of its payments.
- 5.2 All payments shall be effected by cheque.
- 5.3 Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to the Committee shall be signed by two Members of the Committee in accordance with a resolution instructing that payment. If a Member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that Member shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.
- 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.
- 5.5 Cheques or orders for payment shall not normally be presented for signature other than at a Committee meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the Committee at the next convenient meeting.
- 5.6 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by each of the Chairmen of Committee in a sealed and dated envelope. This envelope may not be opened other than in the presence of two other Members. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all Members immediately and formally to the next available meeting of the Committee.
- 5.7 No employee or Member shall disclose any PIN or password, relevant to the working of the Committee or its bank accounts, to any person not authorised in writing by the Committee.

- 5.8 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question. A copy of the Committee's accounts shall be backed up off site with the accounts software provider.
- 5.9 The Committee shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 5.10 The Committee will not maintain any form of cash float. All cash received must be banked intact.

6. INCOME

- 6.1 The collection of all sums due to the Committee shall be the responsibility of and under the supervision of the Secretary and/or Treasurer, as appropriate.
- 6.2 The Committee will review all fees and charges at least annually.
- 6.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Committee and shall be written off in the year.
- 6.4 All sums received on behalf of the council shall be banked intact as directed by the Treasurer. In all cases, all receipts shall be deposited with the Committee's bankers with such frequency as the Treasurer considers necessary.
- 6.5 The origin of each receipt shall be entered on the paying-in slip.
- 6.6 Personal cheques shall not be cashed out of money held on behalf of the Committee.
- 6.7 The Treasurer 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.
- 6.8 All money received for the horse riding licence shall be collected by staff working at the reception of the New Ash Green Sports Centre. Receipts shall be issued for all monies received and recorded in a duplicate and separate receipt book. Regular reconciliations shall be carried out to ensure the monies received reconcile with the number of licensed horse riders. On receipt of any money the sports centre reception staff shall contact the Treasurer immediately, so that collection of the monies can be arranged for banking.

7. ORDERS FOR WORK, GOODS AND SERVICES

- 7.1 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.
- 7.2 Orders shall be controlled by the Secretary.
- 7.3 All Members and Officers are responsible for obtaining value for money at all times and ensuring, as far as reasonable and practicable, that the best available terms are obtained in respect of each transaction subject to any de minimis provisions in Regulation 11 (I) below.

7.4 A member may not issue an official order or make any contract on behalf of the Committee.

7.5 The Secretary or Treasurer, as appropriate, 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 Secretary or Treasurer, as appropriate, 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.

8. CONTRACTS

8.1 Procedures as to contracts are laid down as follows:

- 1) a. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (iv) below:
 - 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 machinery or equipment or plant;
 - iii. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Committee; and
 - iv. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- 2) b. When it is intended to enter into a contract 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 9.1(a) the Secretary shall seek the appropriate number of quotations, as follows:

Up to a value of £300	1 oral quotation
£301 and up to £3,000	2 written quotations
£3,001 and up to £6,000	3 written quotations
In excess of £6,001	Sealed tenders from at least three firms: All invitations to tender for contracts exceeding £6,001 shall state the closing date and time for submission of such tender. All such tenders must be returned to the Secretary. All tenders shall be opened by the Secretary in the presence of a Member of the Committee on or as soon as

	<p>practicable after the date specified for return. Both the Secretary and the Member shall initial and date the tender document. The result shall be reported to the Committee. Any tender received after the closing date shall not be opened unless the Secretary is satisfied that there is evidence that the tender was dispatched in time for delivery on the due date.</p>
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- c. The Secretary may authorise expenditure in the event of an emergency, subject to the provisions set out in paragraph 4.4.
- d. The Committee shall not be obliged to accept the lowest or any tender, quote or estimate.
- e. If following the quotation or tender process no such quotations or tenders are received, an insufficient number of quotations are received, or if all such quotations and tenders are identical, the Committee may make such arrangements as it thinks fit for procuring the goods, works or services.
- f. 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 the Minutes of the meeting of the Committee at which such decision was taken.
- g. The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

9.ASSETS, PROPERTIES AND ESTATES

- 9.1 The Secretary and Treasurer shall make appropriate arrangements for the custody of all legal documents relating to the land.
- 9.2 No property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Councils, together with any other consents required by law.

10.INSURANCE

- 10.1 Following the annual risk assessment (per Financial Regulation 12), the Secretary and Treasurer, as appropriate, shall effect all insurances and negotiate all claims on the Committee's insurers.
- 10.2 The Secretary and Treasurer, as appropriate, shall give prompt notification to the Committee's insurers of all new risks which require to be insured and of any alterations affecting existing insurances.
- 10.3 The Secretary shall keep a record of all insurances effected by the Committee and the property and risks covered thereby.

10.4 The Committee shall review the insurance schedule annually to ensure adequate levels of cover are maintained.

10.5 The Secretary and/or Treasurer, as appropriate, shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Committee at the next available meeting.

10.6 All appropriate Members and Officers of the Committee 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 Committee.

11. RISK MANAGEMENT

11.1 The Committee is responsible for putting in place arrangements for the management of risk. The Secretary and Treasurer shall prepare, for approval by the Committee, risk management policy statements in respect of all activities of the Committee. Risk policy statements and consequential risk management arrangements shall be reviewed by the Committee at least annually.

11.2 When considering any new activity, the Secretary and Treasurer, as appropriate, shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Committee.

12. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

13.1 It shall be the duty of the Committee to review the Financial Regulations of the Committee from time to time. The Secretary and Treasurer shall make arrangements to monitor changes in legislation or proper practices and shall advise the Committee of any requirement for a consequential amendment to these financial regulations.

13.2 The Committee's Financial Regulations shall only be permanently amended or varied by resolution of the Councils.

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