

**WEST TYTHELREY & FRENCHMOOR PARISH COUNCIL
FINANCIAL REGULATIONS**

These Financial Regulations were adopted by the Parish Council at its Annual Meeting held on 14 May 2018.

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 Council is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.
- 1.3 These financial regulations demonstrate how the Council meets these responsibilities.
- 1.4 The Clerk who is the Responsible Financial Officer (RFO), holds a statutory office, is appointed by the Council, and acting under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.
- 1.5 The RFO shall be responsible for the production of financial management information, which shall be sufficient to show and explain the Council's transactions of income and expenditure, and statement balances.
- 1.6 At least once a year, the Council will review the effectiveness of its system of internal controls which shall be in accordance with proper practices.

2. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

- 2.1 Each Committee (if any) 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 November each year.
- 2.2 The RFO must each year, by no later than November, 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 an annual budget to be considered by the Council.
- 2.3 The Council shall consider the annual budget and, in doing so, fix the Precept to be levied for the ensuing financial year, not later than by the end of January each year. The RFO shall issue the Precept to the billing authority and supply each member with a copy of the approved annual budget.
- 2.4 The approved annual budget shall form the basis of financial control for the ensuing year.

3. BUDGETARY CONTROL AND AUTHORITY TO SPEND

- 3.1 Expenditure on revenue items may be authorised up to the amounts included in the approved budget. This authority is to be determined by:-

- the Council for all items £1,000 or more
 - a duly delegated committee of the Council for items between £250-£999
 - the Clerk, in conjunction with the Chairman of Council, for any items 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 £250
- 3.2 No expenditure may be authorised that will exceed the amount provided in the approved budget, 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.
- 3.3 In respect of Grants, the Council shall approve application and expenditure within any limits, by resolution of the Council.
- 3.4 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.
- 3.5 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.
- 3.6 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 3.7 The RFO shall provide the Council in May and November, a statement of receipts and payments to date under each budget heading, comparing actual expenditure against planned budget. The RFO shall show explanations of material variances. For this purpose, 'material' shall be in excess of £100.
- 3.8 Changes to earmarked reserves shall be approved by Council as part of the budgetary control process.

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with Accounts and Audit Regulations.
- 4.2 At each financial year end, a member other than the Chairman shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Council.
- 4.3 The RFO shall complete the annual statement of accounts, annual report, and any related documents of the Council contained in the Annual Return as soon as practicable after the end of the financial year. The RFO shall submit and report thereon to the Council for approval and authorisation within the timescales set by the Accounts and Audit Regulations.

- 4.4 The Council shall ensure that there is an adequate and effective system of internal audit and its accounting records, and of its system of internal control in accordance with proper practice. The RFO or member of the Council shall make available such documents and records as appear to be necessary for the purpose of the internal audit together with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- 4.5 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. The Internal Auditor shall:-
- be competent and independent of the operations of the Council;
 - report to Council in writing on a regular basis with a minimum of one annual written report in respect of each financial year;
 - demonstrate competency, 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
- The Internal Auditor shall not:-
- perform any operational duties for the Council
 - initiate or approve accounting transactions for the Council
 - direct the activities of any Council employee, except to the extent that such employee has been appropriately assigned to assist the Internal Auditor
- 4.6 The RFO shall make arrangements for the exercise of elector' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 4.7 The RFO shall, as soon as practicable, bring to the attention of all Councillors any correspondence or report from the Internal Auditor, unless the correspondence is of purely an administrative matter.
- 4.8 The Council shall carry out a review of the effectiveness of internal audit on an annual basis in accordance with the Accounts and Audit Regulations.

5. BANKING ARRANGEMENTS

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be regularly reviewed for safety and efficiency.
- 5.2 The RFO shall prepare a Schedule of payments, forming part of the Agenda for the Meeting, and, together with the relevant invoices, present to the Council for authorisation. Having satisfied itself, the Council shall authorise payment by a resolution of the Council. The approved Schedule shall be initialled by the Chairman of the Meeting and the RFO, and shall form part of the Minutes to the meeting.

- 5.3 Bank reconciliation (for all accounts) will take place at each financial year end, in accordance with 4.2
- 5.4 The Bank Mandate approved by the Council shall identify three Councillors, at least two of which are needed to authorise payments on those accounts (the Signatories).
- 5.5 Where internet banking arrangements are made with the Council's bank:-
- the Signatories shall authorise 'Delegate Only' access to the RFO
 - access will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link
 - remembered or saved passwords facilities must not be used
 - the PIN and Passwords shall be handed to and retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other Councillors. 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 Council.
 - no employee or councillor shall disclose any PIN or password, relevant to the working of the Council or its bank accounts, to any person not authorised in writing by the Council or a duly delegated committee.
 - the Council, and any members using computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.

6. MAKING PAYMENTS

- 6.1 The Council will make safe and efficient arrangements for the making of its payments.
- 6.2 All invoices for payment shall be examined, verified and certified by the RFO. The 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.
- 6.3 All payments shall be effected by cheque or other instructions to the Council's bankers, in accordance with a resolution of the Council.
- 6.4 Cheques drawn on the bank account in accordance with the Schedule shall be signed by two out of the three members of the Council who have been appointed as a Signatory. To indicate agreement of the details shown on the cheque with the counterfoil and the invoice or other relevant documentation, the Signatories shall each also initial the cheque counterfoil.
- 6.5 Cheques shall not normally be presented for signature other than at a Council meeting. Any signatures obtained away from such meetings shall be reported to the Council at the next meeting.

- 6.6 If thought appropriate by the Council, payment for the Clerk's salary may be made by banker's Standing Order, provided that the instructions are signed by two members of the Council.
- 6.7 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk/RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

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 salary rates 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, provided that each payment is reported to and ratified by the next available Council Meeting.
- 7.3 No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council.

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 All investments of money under the control of the Council shall be in the name of the Council.
- 8.3 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.4 All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval, and subsequent arrangements for loan, shall only be approved by full Council as to terms and purpose.

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 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 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 at least annually coinciding with the financial year end. The VAT return should be reconciled to the Receipts and Payments records, before submission, and such reconciliation should be periodically reviewed by a member of Council
- 9.9 Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, 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.
- 10.2 Order books shall be controlled by the RFO.
- 10.3 All members and Officers are responsible for obtaining value for money as 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 (two where the order is £251-£999, one quotation where the order is £250 or less).
- 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 exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (v) 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 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 £1,000 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 RFO shall invite at least three tenders from suppliers approved by the Council.
- (c) 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. The invitation shall in addition state that tenders must be addressed to 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.
- (f) 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.
- (g) If less than three tenders are received for contracts above £1,000 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 £1,000 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 RFO shall obtain two quotations (one where the order is less than £250).
- (i) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- (j) 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.

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 the 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 £50.
- 12.3 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 an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers
- 13.2 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.
- 13.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 13.4 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 Council at the next available meeting.
- 13.5 All appropriate 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 by the Council.

14. RISK MANAGEMENT

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

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.