

Whorlton Parish Council

FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its Meeting held on
20th May 2019

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 Clerk is the proper officer of the Parish Council for the purpose of Section 112 of the Local Government Act 1972, and is also the Responsible Finance Officer (RFO) for the purpose of Section 151 of the same Act. The RFO, under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.

The RFO shall be responsible for the production of financial management information, and act as financial advisor to the Council.

The Council shall be responsible for ensuring that the financial management is adequate and effective and that the council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk.

The Council shall review at least once a year, prior to approving the Annual Governance Statement, the effectiveness of its systems of internal controls which shall be in accordance with proper practices.

1.3 The RFO holds a statutory office to be appointed by the Council. The Clerk had been appointed as RFO for this Council and will act under the policy direction of the Council and administer Council's financial affairs in accordance with all Acts, Regulations and proper practices. The RFO determines on behalf of the Council its accounting control systems and ensures these are observed.

2. ANNUAL ESTIMATES

2.1 Annual estimates of both revenue and capital income and expenditure for the following year, including the use of reserves and sources of funding, shall be prepared by the Executive Officer. Who shall submit to the Council by no later than its **November** meeting a report detailing the financial position relating to the current year's budget, and the financial implications for the following year.

2.2 The Council shall review the estimates and, at its meeting in January, approve the budget and set the precept to be levied for the following financial year. The RFO shall issue the precept to the billing authority by the due date.

2.3 The RFO shall provide each member with a copy of the approved budget.

2.4 The approved budget shall form the basis of financial control for the following year.

2.5 The Council shall consider the need for and have regard to a **four** year forecast of revenue and capital expenditure and income, which should be prepared at the same time as the annual budget.

2.6 The **Clerk/RFO** shall be consulted before any officer enters into any commitment which is likely to affect the finances of the Council.

2.7 It is illegal for a Member to enter into any financial commitment on behalf of the Council. (*Section 101 of the Local Government Act 1972*).

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 which will exceed the amount provided in the revenue budget. The RFO may, with the approval of Council, transfer funds between subheads or from unallocated reserves (if approved by full Council).

3.3 The RFO shall ensure that statements detailing receipts and payments against approved budget are produced on a monthly basis.

3.4 The 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 or which is necessary to ensure smooth and effective running of the Council's business that it must be done at once subject to a limit of £1000 per item. The RFO shall report the action to the Council as soon as practicable thereafter.

3.5 Unspent provisions in the revenue budget at the year end shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the Council.

3.6 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.

3.7 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 Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto. (latest 2011 regulations)

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 and report thereon 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 Audit Commission) and for submitting the Annual Return for approval and authorisation by the Council within the timescale set by the Accounts and Audit Regulations 1996 as amended, or set by the Auditor.

4.4 The RFO shall be responsible for ensuring that there is adequate and effective system of reporting on internal audit of the Council's accounting, financial and any other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto.

Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents to 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 Council shall carry out a review of the effectiveness of internal audit on an **annual** basis in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto.

4.6 The Internal Auditor shall carry out the work required by the RFO and the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. 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.

4.7 The RFO shall make arrangements for the exercise of elector's rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statement of account as outlined in the Local Audit and Accountability Act 2014. This must be a period of 30 consecutive working days, including the first ten working days in July.

4.8 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

The Council's banking arrangements shall be the responsibility of the RFO and be approved by the Council. They shall be regularly reviewed for efficiency.

The RFO shall be responsible for the control and issue of cheques.

A schedule of the payments required, forming part of the Agenda for the Meeting shall be prepared by the RFO.

Cheques drawn on the bank account in accordance with the schedule referred to in above paragraph shall be signed by two authorised Members.

A second account will hold reserves and attract interest this will be available to replenish the current account when needed.

6. PAYMENT OF ACCOUNTS

6.1 All payments shall be paid by cheque or other order drawn on the Council's banker.

6.2 All invoices for payment shall be examined, verified and certified by the RFO. The RFO shall satisfy herself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.

6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall allocate 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.

6.4 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 Council, where the RFO certifies that there is no dispute or other reason to delay payment, the RFO 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.

6.5 The Council will not maintain any form of cash float from income received. All cash received must be banked intact. Any payments made in cash by the RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly or reimbursed from petty cash.

7. PAYMENT OF SALARIES

7.1 As an employer, 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 The RFO shall be responsible for the implementation of the payment process of salaries and wages to all Council employees.

7.3 The RFO shall ensure that records are maintained of employee's absences, overtime, appointments, resignations etc in order to substantiate salaries and wages payrolls.

7.4 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 Committee/Council Meeting.

8. LOANS AND INVESTMENTS

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. (When applicable a policy will be actioned)

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 who will then 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 from 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.

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, letters and contracts shall be retained by the RFO.

10.2 Order books shall be controlled by the RFO.

10.3 All members and officers shall be responsible for obtaining value for money at all times. An officer issuing an official order shall ensure, as far as is reasonable and

practicable, that the best available terms are obtained in respect of each transaction. This shall be achieved by obtaining at least two quotations where the value of the order is expected to be between £1,000 and £5,000, and three quotations for orders expected to exceed £5,000.

10.4 (a) In the event of it not being possible to secure two or three quotations the RFO may proceed on the basis of one quotation received, having discussed the situation with the Finance Committee.

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 (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 EO shall act after consultation with the Finance Committee.

(vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

(b) 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.

(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 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.

(d) All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of at least one member of Council.

11.2 Value Up to and Including £5,000

(a) Where it is intended to enter into a contract with a value up to £5,000 for the supply of goods, materials or services, or for the execution of works, such contract shall have been previously agreed by the Council.

The RFO shall invite quotations from two suitably qualified suppliers or contractors. The RFO shall award the contract to the quote which proves to be "best value for money", subject to the satisfactory completion of checks regarding their technical ability, financial standing and such other requirements as may be necessary.

(b) Where it is intended that the lowest tender not be accepted, the RFO shall, before awarding the contract, report to the Council with reasons justifying the rejection of the lowest tender.

11.3 Value Over £5,000 and up to and including £10,000

(a) Where it is intended to enter into a contract with a value exceeding £5,000 and up to £10,000 for the supply of goods, materials or services, or for the execution of works, such contract shall have been previously agreed by the Council. The RFO shall either (i) invite quotations from at least three suitably qualified suppliers or contractors where possible or (ii) place an advertisement in a publication appropriate for the nature of the contract inviting tender submissions.

The RFO shall award the contract to the Company who provides “best value for money” subject to the satisfactory completion of checks regarding its technical ability, financial standing and such other requirements as may be necessary. Details shall be reported by the RFO to the Council.

(b) Where it is intended that the lowest tender not be accepted, the RFO shall, before awarding the contract, report to the Council with reasons justifying the rejection of the lowest tender.

11.4 Value Over £10,000

Where it is intended to enter into a contract with a value exceeding £10,000 for the supply of goods, materials or services, or for the execution of works, such contract shall have been previously agreed by the Council.

The RFO shall place an advertisement in a publication appropriate for the nature of the contract inviting tender submissions. All tenders shall be forwarded to the Parish Council Offices in the envelope provided, which should not show any mark by which the tenderer can be identified. Tenders must be received by the date and time specified in the advertisement.

(b) Details of the tenders received shall be reported to the Council and the contract shall be awarded to the quote which is deemed as “best value for money”, subject to the satisfactory completion of checks regarding their technical ability, financial standing and such other requirements as may be necessary.

(c) Where it is intended that the lowest tender not be accepted, the reasons justifying the rejection of the lowest tender must be recorded.

General

12 The procedure detailed above may be inappropriate when it is necessary for the Council to acquire work, services or goods of a specialist nature. In this case the RFO shall consult with the Council and agree the firms to be invited to tender. All firms invited to tender must satisfy the Council of their technical ability, financial standing and any other legislative requirements, e.g. regarding health and safety, risk assessments before any contract is awarded.

(a) If less than three tenders are received for a particular contract, or if all of the tenders are identical, the Council shall make such arrangements as it thinks fit for procuring the goods, materials or services, or for executing the works.

(b) Every contract entered into by the Council shall be in writing and must specify all information relevant to the work as requested by the notice to tender.

(c) All works carried out by a contractor must comply with relevant Health and Safety regulations and hold an appropriate risk management strategy.

(d) The RFO shall keep a register of all construction related contracts or subcontracts entered into by the Council.

(e) Every variation to a contract shall be notified to a contractor in writing by a responsible officer acting on behalf of the Council, and a copy shall be made available to the RFO.

(f) Payments on account to contractors shall be authorised only on the certificate signed by the RFO, and showing the original amount of the contract, the value of work executed to date, retention money, the total amount certified to date and the amount now certified.

(g) The prior approval of the Council shall be obtained in writing for any variation to a contract involving the Council in an increase in costs above the accepted tender figure of 5% or more.

Where such additional expenditure relates to a capital scheme, every effort must be made to meet the costs from within the overall capital programme. If this is not possible a report must be submitted to the Council by the RFO detailing options.

(h) A final certificate in respect of the completed contract shall not be issued until the contractor or subcontractor has furnished a detailed statement of account for the whole of the contract supported by vouchers, documents and other relevant information.

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. INSURANCE

14.1 Following an annual risk assessment, the RFO shall affect all insurances and negotiate any/ all claims on the Council's insurers

14.2 The RFO shall give prompt notification to the insurers of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

14.3 The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and annually review it.

14.4 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.

14.5 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 the Council.

15. CHARITIES

15.1 Where the Council is sole trustee of a Charitable body the 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 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 RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.

16.2 When considering any new activity the RFO shall prepare a draft Risk Management policy/ and Risk Assessment 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.

16.3 The Council shall carry out a Financial Risk Assessment on an annual basis in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto. The minutes shall record such review of the financial risks.

17. REVISION OF FINANCIAL REGULATIONS

It shall be the duty of the Council to review the Financial Regulations of the Council annually.

Prepared by A Livingstone

May 2019

Reviewed annually

Approved: