

## **BOBBING PARISH COUNCIL**

### **FINANCIAL REGULATIONS**

These Financial Regulations were adopted by the Council at its Meeting held on 3<sup>rd</sup> May 2016.

#### **1. GENERAL**

1. All accounting procedures and financial records as determined by the Council and as required by the Accounts and Audit Regulations 2003 and 2006 and any subsequent amendments thereto, shall be kept up to date in accordance with proper practices. 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.
2. 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) or Governance and Accountability for Local Councils in Wales - A Practitioners' Guide, available from the websites of One Voice Wales (OVW) and SLCC as appropriate.
3. 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.
4. The Responsible Financial Officer (RFO) (i.e. the Clerk to the Council), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.
5. The RFO shall be responsible for the production of financial management information.
6. 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.
7. The Council shall review at least once a year the effectiveness of its systems of internal controls and shall produce a statement on internal control with its statement of accounts
8. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

#### **2. ANNUAL ESTIMATES (BUDGET)**

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. Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.
3. The Council shall review the estimates not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.
4. The annual budgets shall form the basis of financial control for the ensuing year.

#### **3. BUDGETARY CONTROL**

1. Expenditure on revenue items may be incurred up to the amounts included in the approved budget.

2. No expenditure may be incurred which will exceed the amount provided in the revenue budget. The RFO may, with the approval of Council, vire (switch) sums between budget subheads, which must be reflected in the next budget monitoring report.
3. The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned. These statements are to be prepared monthly and presented to the next appropriate meeting.
4. The RFO whenever possible in consultation with the Chairman/Vice Chairman, 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 £800. The RFO shall report the action to the Council as soon as practicable thereafter.
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.
6. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

#### **4. ACCOUNTING AND AUDIT**

1. 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.
2. 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.
3. The RFO shall be responsible for ensuring that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with the Accounts and Audit Regulations. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of 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. 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. 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.
6. The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by the External Auditor and the Accounts and Audit Regulations.
7. 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**

1. All payments shall be effected by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of Council [or duly delegated Committee].

2. Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee shall be signed by two members of council in accordance with a resolution instructing that payment. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.
3. 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.
4. Cheques or orders for payment shall not normally be presented for signature other than at a council or committee meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the council [or Finance Committee] at the next convenient meeting.
5. If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the council at least every two years.
6. If thought appropriate by the council, payment for certain items (principally Salaries) may be made by Banker's Standing Order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to council as made. The approval of the use of a Banker's Standing Order shall be renewed by resolution of the council at least every two years.
7. If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
8. If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
9. 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 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. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
10. 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.
11. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
12. 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.
13. Where internet banking arrangements are made with any bank, the Clerk [RFO] shall be appointed as the Service Administrator. The Bank Mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.

14. Access to any internet banking accounts 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 on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
15. Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by two Members. A programme of regular checks of standing data with suppliers will be followed.
16. Any Debit Card issued for use will be specifically restricted to the Clerk [RFO] and will also be restricted to a single transaction maximum value of [£500] unless authorised by council or finance committee in writing before any order is placed.
17. A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the council [finance committee]. Transactions and purchases made will be reported to the [council] [relevant committee] and authority for topping-up shall be at the discretion of the [council] [relevant committee].
18. Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk [and RFO] and shall be subject to automatic payment in full at each month-end. Personal credit or debit cards of members or staff shall not be used under any circumstances.
19. 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 [or RFO] (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.
20. The Council's banking arrangements including the Bank Mandate and Bank Accounts shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
21. A schedule of the payments required, forming part of the Agenda for the meeting shall be prepared by the RFO and, together with the relevant invoices, 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. The approved schedule of payments including the cheque number will be shown in the Minutes of the Meeting.

## **6. PAYMENT OF ACCOUNTS**

1. All payments shall be effected by cheque or other order drawn on the Council's bankers.
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.
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.
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.
5. The Council will not maintain any form of cash float. 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.

## **7. PAYMENT OF SALARIES**

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 salaries shall be as agreed by Council.

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.

**8. LOANS AND INVESTMENTS**

1. All investments of money under the control of the Council shall be in the name of the Council. The terms and conditions of investments shall be reviewed at least annually.
2. 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.
3. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

**9. INCOME**

1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
2. Particulars of all fees and charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, following a report of the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
3. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
4. All sums received on behalf of the Council shall be banked intact by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
5. The origin of each receipt shall be entered on the paying-in slip.
6. Personal cheques shall not be cashed out of money held on behalf of the Council.

**10. VAT**

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.

**11 ORDERS/CONTRACTS FOR WORK, GOODS AND SERVICES**

1. A numbered 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 all orders or letters shall be retained by the RFO and available for inspection by members as required.
2. 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.
3. In the case of awarding contracts with certain spending levels the following shall apply:
  - Where it is intended to enter into a contract or purchase exceeding £5,000 in value for the supply of goods or materials or for the execution of works or specialist services the RFO shall invite tenders/quotations from at least three suitable firms.

- Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 (“the Regulations”) which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations – see Note 1 below.
- The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time) – see Note 2 below.

Notes 1 The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

Note 2 Thresholds currently applicable are:

- For public supply and public service contracts 209,000 Euros (£164,176)
- For public works contracts 5,225,000 Euros (£4,104,394)

4. When applications are made to waive financial regulations relating to contracts/purchases exceeding £5,000 up to £24,999 to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
5. Such invitation to tender shall state the general nature of the intended contract/purchase 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/purchase.
6. All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of at least two member(s) of Council.
7. If less than three tenders/quotations are received for contracts/purchases exceeding £5,000 or if all the tenders/quotations are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works. (To be consistent with 11.3)
8. Where it is intended to enter into a contract/purchase for £5,000 or less in value for the supply of goods or materials or for the execution of works or specialist services the RFO shall endeavor to obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £250 the RFO shall strive to obtain 3 estimates (a brief description of the proposed supply with a total price). This does not apply where it is a specialist company that items can only be obtained from.
9. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
10. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Council.
11. Any variation to a contract or addition to or omission from a contract must be approved by the Council and RFO to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

## **12. ASSETS, PROPERTIES AND ESTATES**

1. The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all properties 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 Regulation 4(3)(b) of the Accounts and Audit Regulations 1996 as amended.

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 £50.
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**

1. Following an annual risk assessment, the RFO shall affect all insurances and negotiate all claims on the Council's insurers
2. The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and annually review it.
3. 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.
4. 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 and/or advised by the auditors.

### **14. RISK MANAGEMENT**

1. The council is responsible for putting in place arrangements for the management of risk. The RFO 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.
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.

### **15. REVISION OF FINANCIAL REGULATIONS**

It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The RFO 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.