



SPRATTON PARISH COUNCIL FINANCIAL REGULATIONS

Based on model Regulations provided by NALC Tailored and adopted by Council May 2004 and thereafter reviewed annually.

Reviewed by: SPC Resources Committee on 9th July 2014. Adopted by SPC 18th November 2014. Further amended and adopted at SPCM 19th May 2015. Further reviewed and adopted at SPCM 17th May 2016. Further reviewed and adopted 15th November 2016. Further reviewed and adopted 16th May 2017. Further reviewed and adopted May 2018 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 Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs. The RFO is also Clerk to the Council and neither position has delegated powers to sign cheques or make commitment to Income and/or Expenditure (Except for low value office equipment items that mentioned in 3.4 below or by a special resolution of Council).
- 1.3. The RFO shall be responsible for the production of financial management information.

2. ANNUAL ESTIMATES

- 2.1. Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO, and the Resources 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 beginning of November each year.
- 2.2. The Council shall review the proposed budget for the next year not later than the end of November 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 budget.
- 2.3. The annual budgets shall form the basis of financial control for the ensuing year.
- 2.4. The Council shall prepare and have regard to a three year forecast of Revenue and Capital Receipts and Payments which shall be prepared at the same time as the annual Budget or Estimates.

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 without the approval of The SPC Resources Committee.
- 3.3. No expenditure may be incurred which will exceed £500 above the amount provided in the revenue budget without the prior approval of Full Council.
- 3.4. Notwithstanding Clause 3.2 The Clerk 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 **£500**. The Clerk shall report the action to the Council as soon as practicable thereafter. (The change to 3.2 is necessary otherwise 3.2 this conflicts with this clause)
- 3.5. Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 3.6. The RFO shall monthly (except August) and when practicable provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.
- 3.7. 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.
- 3.8. 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 1996 as amended.
- 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 timescales 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 internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 1996 as amended. An internal scrutineer shall be appointed from SPC Resources Committee at the Annual Meeting of Parish Council. 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.

- 4.5. The Internal Auditor shall carry out the work required by the RFO, or by 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.
- 4.6. The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1996 as amended.
- 4.7. 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

- 5.1. If thought appropriate by the council, payment for certain items may be made by internet banking, using BACS or "Faster Payments" 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 "Faster Payments" shall be renewed by resolution of the council at least every year at the Annual Meeting.
- 5.2. Evidence is to be retained showing which members approved the payment.
- 5.3. 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. 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.
- 5.4. 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 the number of councillors who will be authorised to approve transactions on those accounts. The Clerk is only permitted to become a signatory if requested by the bank to enable the administration of online banking. The Council have resolved that BACS payments are actioned solely by the Clerk [RFO], once the invoice/payment has been authorised by two Councillors that are signatories on the account.

- 5.5. 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.
- 5.6. 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 of] the Clerk [the RFO] and [a member]. A programme of regular checks of standing data with suppliers will be followed.
- 5.7. The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.8. 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 schedule should also be reported in the Minutes of the Meeting.
- 5.9. Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, shall be signed by two members of Council that have been authorised by the Bank.
- 5.10. 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 and the invoice.

6. PAYMENT OF ACCOUNTS

- 6.1. All payments shall be effected by cheque, by any agreed internet banking procedure, or other order drawn on the Council's bankers.
- 6.2. All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk 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 Clerk 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 Clerk and RFO certify that there is no dispute or other reason to delay payment, the Clerk 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. 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.

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 salaries shall be as agreed by Council. Calculation and preparation for payment may be undertaken by an external payroll agency previously agreed by the 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.

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's Investment Policy, shall be in accordance with the Trustee Act 2000, and shall be reviewed on a regular basis (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 effected 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.
- 8.5. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

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 Clerk.
- 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. 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. VAT

10.1 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 FOR WORK, GOODS AND SERVICES

11.1. 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.

11.2. Order books shall be controlled by the RFO.

11.3. All members and Officers are responsible for obtaining value for money at 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 or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 (I) below.

11.4. 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.

12. CONTRACTS

12.1. Procedures as to contracts are laid down as follows:

(a) Quotations:-Detailed specifications need to be written (to enable a like for like comparison)

(b) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that these regulations

(c) Where it is intended to enter into a contract exceeding **£3,000** 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 Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.

(d) 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.

(e) Such invitation to tender shall state the general nature of the intended contract and the Clerk 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 **£3,000** 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) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 30c.
- (i) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

13. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 13.1. Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).
- 13.2. 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.
- 13.3. Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

14. STORES AND EQUIPMENT

- 14.1. The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 14.2. 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.
- 14.3. Stocks shall be kept at the minimum levels consistent with operational requirements.
- 14.4. The RFO shall be responsible for periodic checks of stocks and stores at least annually.

15. PROPERTIES AND ESTATES

- 15.1. 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.

15.2. 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**.

16. INSURANCE

16.1. Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

16.2. 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.

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

16.4. 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.

16.5. 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.

17. CHARITIES

17.1. Where the Council is sole trustee of a Charitable body the Clerk and 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 Clerk and RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

18. RISK MANAGEMENT

18.1. The Clerk with the RFO shall prepare and promote risk management policy statements in respect of all activities of the Council where necessary.

18.2. When considering any new activity the Clerk and RFO shall prepare a draft Risk Management policy 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.

19. REVISION OF FINANCIAL REGULATIONS

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

CHAIRMAN:..... RFO/CLERK:.....