

# Alvescot Parish Council

## Financial Regulations

Based on NALC model Financial Regulations November 2014

Adopted on

21<sup>st</sup> September 2016

# FINANCIAL REGULATIONS

## 1. GENERAL

- 1.1 These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. 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 financial control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the council meets these responsibilities.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the council. The Clerk has been appointed as RFO for this council and these regulations will apply accordingly. The Clerk, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The Clerk shall determine on behalf of the council its accounting records, and accounting control systems. The Clerk shall ensure that the accounting control systems are observed and that the accounting records of the council are maintained and kept up to date in accordance with proper practices.
- 1.3 The Clerk shall produce financial management information at each meeting. Income and Expenditure figures shall be presented as soon as possible after 31<sup>st</sup> October and 31<sup>st</sup> March.
- 1.4 At least once a year, prior to approving the annual return, the council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with the Risk Assessment.
- 1.5 In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.
- 1.6 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability in local Councils in England and Wales – a Practitioners' Guide which is published jointly by NALC and SLCC and updated from time to time.

## 2. ANNUAL ESTIMATES (PRECEPT)

- 2.1 Estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the Chairman and Clerk in the form of a budget to be considered by the council.

- 2.2 The Council shall review the precept not later than the end of December each year and shall fix the Precept to be levied for the ensuing financial year. The Clerk shall issue the precept to the billing authority and shall supply each member with a copy of the approved precept which shall be minuted.
- 2.3 The annual precept shall form the basis of financial control for the ensuing year.

### **3 BUDGETARY CONTROL**

- 3.1 Six months after the start of the financial year at a meeting of the Council the Chairman and Clerk will present the Council with details of the expenditures for the year to date, and provide a comparison between the actual expenditures and the amounts budgeted. The Council will review the expenditures and may re-approve the full year expenditures as budgeted or, should there be a material change in circumstances, approve a revised expenditure plan for the second half year. The Council's review and approval will be minuted.

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

- 4.1 All accounting procedures and financial records of the Council shall be determined by the Clerk in accordance with the Accounts and Audit Regulations.
- 4.2 The Clerk shall complete the annual financial statements of the Council, including the council's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
- 4.3 The Clerk shall complete 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 shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- 4.4 The Clerk shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. Any officer or member of the Council shall, if the Clerk or Internal Auditor requires, make available such documents of the Council which appear to the Clerk or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the Clerk or Internal Auditor with such information and explanation as the Clerk or Internal Auditor considers necessary for that purpose.
- 4.5 The Internal Auditor shall be appointed by and shall carry out the work required by the council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing, with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the council.
- 4.6 The Clerk shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.

- 4.7 The Clerk 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 & CHEQUES**

- 5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the Clerk and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of the payments to be made, forming part of the Agenda for the Meeting, shall be prepared by the Clerk and, be presented to Council for information and minuting.
- 5.3 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 the Council, and countersigned by the Clerk, if necessary, as authorized signatories on the bank mandate.

## **6 PAYMENT OF ACCOUNTS**

- 6.1 Payments shall be effected by cheque drawn on the Council's bankers or as detailed in 6.5.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved and that the invoices are arithmetically correct and have the appropriate supporting documentation.
- 6.3 The Clerk shall examine invoices to ensure invoices refer to expenditure authorized by the Council under Section 9.
- 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, and the Clerk certify that there is no dispute or other reason to delay payment, then the Clerk may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that such payments shall be submitted to the next appropriate meeting of Council as in Section 5.2. In a month where a meeting is not scheduled the Clerk is authorised to make payments under £500 and for normal recurring expenditure without prior approval provided that each payment is reported to and ratified by the Council at the next available meeting as defined under 5.2.
- 6.5 Any minor payments from the Clerks/Councillors personal resources (for example for postage or stationery etc.) up to a maximum of £50 per transaction will be reimbursed at regular intervals, at least quarterly. This payment must not exceed £100 in total.

## **7 PAYMENT OF SALARIES**

- 7.1 As an employer the Council, where appropriate, shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. 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 agreed by the Council.
- 7.2 Payment of salaries and deductions 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 stipulated in employment contracts, provided that each payment is reported to and ratified by the Council at the next available meeting.

## **8 INCOME**

- 8.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Clerk.
- 8.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, and the Clerk shall be responsible for the collection of all accounts due to the Council.
- 8.3 The Council will review all fees and charges annually, following a report of the Clerk.
- 8.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 8.5 All sums received on behalf of the Council shall be banked intact as directed by the Clerk. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Clerk considers necessary.
- 8.6 The origin of each receipt shall be entered on the paying-in slip.
- 8.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 8.8 The Clerk 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 ORDERS FOR WORK, GOODS AND SERVICES**

- 9.1 Where appropriate an official order or letter shall be issued for work, goods and services in the name of the Council. Copies of orders shall be retained.

- 9.2 The following categories of expenditure must be pre-approved at a meeting of the Council and that approval be minuted.

Expenditure in excess of £500: Where appropriate at least two alternative supplier quotations must be approved.

Insurance Premiums (and the adequacy of the underlying policies)

- 9.3 In normal circumstances, the Clerk is the only person authorized to make expenditure commitments to suppliers of goods and services on behalf of the Council. Commitments may only be made by Council members if pre-approved to do so at a Council meeting. The approval will be minuted.

## 10 CONTRACTS

- 10.1 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 Clerk shall act after consultation with the Chairman and Vice Chairman of Council);
  - (vi) 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 £50,000 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. This list will be drawn up by the Clerk and approved by Council but shall be based on the list maintained by the District Council for such works.
- (c) 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.
- (d) 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 £50,000 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 £50,000 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 obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £100 the Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 9 (3) above shall apply.
- (i) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

## **11. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

- 11.1 Payments on account of the contract sum shall be made within the time specified in the contract by the Clerk 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).
- 11.2 Where contracts provide for payment by instalments the Clerk 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.
- 11.3 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.

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

- 12.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk 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 Accounts and Audit Regulations.

- 12.2 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.
- 12.3 The Clerk 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 the annual risk assessment, carried out by the approved Councillor, (per Financial Regulation 15), the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 13.2 The Clerk shall give prompt notification of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 13.3 The Clerk 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 Clerk 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 fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

## **14 CHARITIES**

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

## **15 RISK MANAGEMENT**

- 15.1 The council is responsible for putting in place arrangements for the management of risk. The Clerk 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.
- 15.2 When considering any new activity, the approved Councillor shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

## **16 REVISION OF FINANCIAL REGULATIONS**

- 16.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Clerk 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.