

# **SOUTHREPPS PARISH COUNCIL**

## **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 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, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the Council its accounting records, and accounting control systems. The RFO 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 practice.
- 1.3 The RFO shall produce financial management information as required by the Council.
- 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.

### **2 ANNUAL ESTIMATE (BUDGET)**

- 2.1 Detailed 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 RFO in the form of a budget to be considered by the Council.
- 2.2 The Council shall review the budget not later than the end of January each year and shall fix the Precept to be levied to the billing authority for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 2.3 The annual budget shall form the basis of financial control for the ensuing year.
- 2.4 The Council shall consider the need for and shall have regard to a three year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual Budget.

### **3 BUDGETARY CONTROL**

- 3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.

- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. During the budget year and with the approval of Council having considered fully the implications unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- 3.3 The RFO shall, from time to time, at Parish Council meetings provide the Council with a statement of receipts and payments to date under each head of the budget, comparing actual expenditure to the appropriate date against that planned as shown in the budget.
- 3.4 The RFO may incur expenditure on behalf of the Council which is necessary to carry out repair replacement or other work whether or not there is any budgetary provision for the expenditure, subject to the limit of £350.00 without reference to the Council. The RFO shall report the action to the Council as soon as practicable.
- 3.5 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.
- 3.6 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 in accordance with Accounts and Audit Regulations.
- 4.2 The RFO 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 to the Council.
- 4.3 The RFO shall complete the Accounts of the Council contained in the Annual Return 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 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, or in person, on a regular basis with a minimum of one annual 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.

4.5 The RFO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers and the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and Accounts and Audit Regulations.

4.6 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 purely of an administrative matter.

## **5 BANKING**

5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by Council. They shall be annually reviewed for efficiency.

5.2 A schedule of 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 and shown in the Minutes of the Meeting.

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.

5.4 To indicate agreement of the detail shown on the cheque or order for payment with the counterfoil or invoice or similar documentation, the signatories shall each initial the cheque counterfoil.

## **6 PAYMENT OF ACCOUNTS**

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

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 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, which are in order, at the next available Council Meeting.

6.4 If a payment is necessary to avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of the 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 meeting of the 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 RFO (for example for postage or minor stationary items) shall be refunded on a regular basis, at least quarterly.

## **7 PAYMENT OF SALARIES**

- 7.1 The Clerk will be remunerated on the scale and the rates agreed jointly by NALC and SLCC, will be paid an office allowance, computer allowance and reimbursed costs incurred in carrying out his/her duties, payment being made in arrears. The salary and allowance will be reviewed annually, after new rates are advised by the NCAPTC.

## **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 shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Policy shall be reviewed 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. The terms and conditions of borrowing shall be reviewed at least annually.
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO or other secure custody as authorised by the Parish Council.

## **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. The origin of each receipt shall be entered on the paying-in slip.
- 9.6 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.7 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.

- 9.8 Where any significant sums of cash are 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 issue, and that appropriate care is taken in the security and safety of individuals banking such cash.

## **10 ORDERS FOR WORKS, GOODS AND SERVICES**

- 10.1 An official order or letter shall be issued for all works, 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 of the Council and the Clerk are responsible for obtaining value for money at all times. The Clerk issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 (1) below.
- 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 For the award of contracts the following procedure will be observed.
- a) Where it is intended to enter into a contract for the supply of goods or materials or for the execution of works or specialist services for:
    - (i) contracts less than **£350** in value the RFO shall obtain one quotation.
    - (ii) contracts between **£350** and £1000 the RFO shall invite two quotations if available
    - (iii) contracts exceeding £1000 in value the RFO shall invite tenders from at least three firms.
  - (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 member of the Council.
  - (e) If less than three tenders are received for contracts above £1000 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.

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

- 12.1 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).
- 12.2 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 sum of 5% or more a report shall be submitted to the Council.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and the RFO inform the Contractor in writing. The Council being informed where the final cost is to exceed the final provision.

## **13 ASSETS, PROPERTIES AND ESTATES**

- 13.1 The RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council.
- 13.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law.
- 13.3 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.

## **14 INSURANCE**

- 14.1 Following the annual risk assessment (per Financial Regulation 17), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 14.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 14.3 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 the Council at the next available meeting.
- 14.4 All appropriate employees/contractors 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 RISK MANAGEMENT**

- 15.1 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.
- 15.2 When considering any new activity, the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## **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 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.

