

HUMBLETON PARISH COUNCIL

FINANCIAL REGULATIONS (as amended 2014)

Humbleton Parish Council (hereinafter called 'the Council') adopted these financial regulations at its meeting on 7 August 2014.

1.0 GENERAL

- 1.1 These Financial Regulations shall govern the conduct of the financial affairs and transactions of the Council and shall only be amended by resolution of the Council.
- 1.2 The Council shall be responsible, under the guidance of the RFO (Responsible Financial Officer), for ensuring that the financial management is adequate and effective and that a sound system of internal control is in place including arrangements for the management of risks.
- 1.3 The RFO shall be responsible for the production of financial management information in accordance with the policy directions of the Council.

2.0 ANNUAL ESTIMATES

- 2.1 Detailed estimates of all receipts and payments for the year shall be prepared by the RFO in consultation with the chairman.
- 2.2 The council shall review and approve the estimates not later than the end of December 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.
- 2.3 The annual budget shall form the basis of financial control for the ensuing year.

3.0 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 approved budget, unless approved by the council.
- 3.3 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of budgets, comparing actual expenditure against that planned.
- 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 urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £100. The RFO shall report the action to the council as soon as is practicable thereafter.
- 3.5 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.
- 3.6 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

4.0 ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO in the form required by the Accounts and Audit Regulations 2003 (Amended 2006) or other Statutory Instrument which may compliment or supersede those Regulations.
- 4.2 The RFO shall be responsible for completing the annual accounts of the Council, and all statutory returns appertaining to those accounts, as soon as practicable after the end of the financial year and in any case by any statutory date and submit such accounts and report thereon to the Council.
- 4.3 The Council, under the guidance of the RFO, shall be responsible for maintaining an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with regulation 6 of the Accounts and Audit Regulations 2003.
- 4.4 The RFO shall be responsible for ensuring that there is an 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. 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 the 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 the 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 the 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 Auditor or External Auditor, unless the correspondence is of a purely administrative matter.

5.0 BANKING ARRANGEMENTS AND CHEQUES / ELECTRONIC PAYMENTS

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the council. They shall be reviewed regularly for efficiency.
- 5.2 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 the council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be 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 in accordance with the bank mandate (currently any 2 signatories).
- 5.4 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.
- 5.5 *Where payment is to be made electronically, an approval document should be presented to the Council which shows the payments to be made, the value and an explanation and be approved by the Council and signed by 2 Councillors. The RFO will then arrange payment electronically.***

6.0 PAYMENTS OF ACCOUNTS

- 6.1 All payments shall be effected by cheque or by **electronic banking** by 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 approve.
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. Any administrative procedure changes will be the responsibility of the RFO. The RFO shall take 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 the council, where the RFO certifies that there is no dispute or other reason to delay payment, the RFO may (notwithstanding paragraph 6.3) take all steps to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of the council.
- 6.5 If a payment is necessary, and the due date for payment is before the next scheduled meeting of the council, where the RFO and the RFO certify that there is no dispute or other reason to delay payment, the RFO may (notwithstanding paragraph 6.3) take all steps to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of the council.
- 6.6 The RFO may provide petty cash vouchers to officers and councillors for the purpose of defraying operational and other expenses. Vouchers shall be forwarded to the RFO with a claim for reimbursement;
- (a) The RFO may maintain a petty cash float of £25 for the purposes of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment;
- (b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations;

- (c) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to the council under paragraph 5.2 above.

7.0 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 the council. Payments will be made monthly by BACS or other direct method.
- 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 dates, provided that each payment is reported to and ratified by the next available Council meeting.

8.0 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 affected in the name of the council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by the council as to the terms and purpose.
- 8.5 All investment certificates and other documents relating to thereto shall be retained in the custody of the RFO.

9.0 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 (November each year)
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the council and 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 the VAT Act 1994 section 33 shall be made quarterly.
- 9.9 Where any significant sums of cash are regularly received by the council, the RFO shall take such steps as area 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 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.

10.0 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 e.g. petty cash purchases. Copies of all orders issued shall be retained.
- 10.2 Order books shall be controlled by the RFO.
- 10.3 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.
- 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.

11.0 CONTRACTS

11.1 Procedures as to the 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. & vi. below;
 - i. For the supply of gas, electricity, 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 £500 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice-Chairman of the Council);
 - vi. For goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price.
- (b) Where it is intended to enter into a contract exceeding £65,000 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 expected as set out in paragraph (a) the RFO shall invite tenders from at least three firms to be taken from the appropriate approved list.
- (c) When applications are made to waive financial regulations relating to contracts to enable a tender 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 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 the 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.
- (e) 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 the council.
- (f) If less than three tenders are received for contracts above £65,000 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.
- (g) Any invitation to tender issued under this standing order shall contain a statement of the effect of Standing Order Nos. 53 & 54 & 68.
- (h) When it is to enter into a contract less than £65,000 in value for the supply or goods or materials or the 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 RFO shall endeavour to obtain three quotations (priced descriptions of the proposed supply); where the value is below £5000 the RFO may obtain three estimates, otherwise, regulation 10(3) above shall apply.
- (i) The council shall not be obliged to accept the lowest or any tender, quote or estimate.

12.0 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 when it is estimated that the total cost of the 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.

12.3 The Council must approve any variation or addition to or omission from a contract. The RFO shall confirm the variation or addition to or omission from the contract in writing to the Contractor. The Council shall be informed where the final cost is likely to exceed the financial provision.

13.0 PROPERTIES AND ESTATES

- 13.1 The RFO 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.
- 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, save where the estimated value of any one item of tangible moveable property does not exceed £50.

14.0 INSURANCE

- 14.1 Following an annual risk assessment, the RFO shall affect all insurances and negotiate all claims on the Council's insurers.
- 14.2 The RFO shall give prompt notification 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.

15.0 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 a 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 Government document.

16.0 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 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.

17.0 REVISION OF FINANCIAL REGULATIONS

- 17.1 It shall be the duty of the Council to review the Financial Regulations of the Council at least every two years.