



# FINANCIAL REGULATIONS

Broadwindsor Group Parish Council

13 July 2015

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# **BROADWINDSOR GROUP PARISH COUNCIL**

## **FINANCIAL REGULATIONS**

**These Financial Regulations were adopted by the Council at its Meeting held on 13 July 2015.**

### **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. Financial Regulations must be observed in conjunction with the Council's Standing Orders and any individual Financial Regulations relating to contracts.

1.2 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 internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.

1.3 At least once a year, prior to approving the Annual Governance Statement, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.

1.4 The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council. The Clerk has been appointed as RFO for this Council and these Regulations will apply accordingly.

### **2. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)**

2.1 The RFO will determine all accounting procedures and financial records of the Council in accordance with the Local Audit and Accountability Act 2014 and supporting Regulations.

2.2 The RFO will complete the annual financial statements of the Council including the annual return as soon as practicable after the end of the financial year and will submit and report on them to the Council.

2.3 The RFO shall make arrangements and set the commencement date for the exercise of public rights, in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by the Local Audit and Accountability Act 2014 and supporting Regulations.

2.4 An internal auditor will be appointed by the Council to carry out the work in relation to internal controls required by the Council in accordance with proper practices. The person appointed will be competent and independent of the operation of the Council.

2.5 An external auditor will be appointed by the Council or the Appointing Body to deal with questions or objections from local electors about the accounts. The person appointed will be competent and independent of the operation of the Council.

2.6 The RFO shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

2.7 The RFO will publish on a website which is publicly accessible and free of charge the following information by 1 July, all items of expenditure above £100, end of year accounts, annual governance statement, internal audit report, list of Councillor responsibilities and the details of public land and building assets.

2.8 The RFO will publish minutes, agendas and meeting papers of formal meetings no later than one month after the meeting has taken place.

2.9 The RFO will publish meeting agendas and associated meeting papers not later than three clear days before the meeting to which they relate is taking place.

### **3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING**

3.1 The RFO must each year, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the Council.

3.2 The Council shall consider annual budget proposals of revenue and capital payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.

3.3 The Council shall fix the precept (council tax requirement) and relevant basic amount of council tax to be levied for the ensuing year not later than the end of each calendar year. The RFO shall issue the precept to the billing authority and shall supply each Member with a copy of the approved annual budget.

3.4 The approved annual budget shall form the basis of financial control for the ensuing year.

### **4. BUDGETARY CONTROL AND AUTHORITY TO SPEND**

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

4.2 This authority is to be determined by the Council for all items over £100, the Clerk, in conjunction with the Chairman of Council for any items below £100. Such authority is to be evidenced by a Minute or by an authorisation slip duly signed by the Clerk, and where necessary also by the Chairman.

4.3 Contracts may not be disaggregated to avoid controls imposed by these Regulations.

4.4 No expenditure may be authorised that will exceed the amount provided in the revenue budget for that class of expenditure other than by resolution of the Council. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.

4.5 No expenditure shall be authorised 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 and the requisite borrowing approval has been obtained.

4.6 All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

4.7 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 to the appropriate date against that planned as shown in the budget. These statements are to be prepared at the end of each financial quarter and shall show explanations of material variances.

4.8 Changes in earmarked reserves shall be approved by Council as part of the budgetary control process.

### **5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS**

5.1 The Council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the Council, banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.

5.2 The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to Council. The Council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the Council. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of

the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

5.3 All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has been received, carried out, examined and represents expenditure previously approved by the Council.

5.4 Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

## **6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS**

6.1 All payments shall be effected by cheque or other instructions to the Council's bankers, or otherwise, in accordance with a resolution of Council.

6.2 Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to Council shall be signed by two members of Council and countersigned by the Clerk in accordance with a resolution instructing that payment. If a Member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that Councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.

6.3 To indicate agreement of the details shown on the cheque or order for payment with the invoice or similar documentation, the signatories shall each also sign the payment voucher attached to the invoice.

6.4 Cheques or orders for payment shall not normally be presented for signature other than at a Council meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the Council at the next meeting.

6.5 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.

6.6 If thought appropriate by the Council, payment for certain items may be made by BACS or CHAPS methods provided that the instruction for each payment is signed, or otherwise evidenced, by two authorised bank signatories 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.

6.7 If thought appropriate by the Council, payment for certain items may be made by internet online bank transfer provided evidence is retained showing which Members approved the payment.

6.8 Where a computer requires use of a personal identification number (PIN) or 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 the Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other Councillors. In the event that the envelope is opened, in any circumstances, the PIN and / or password(s) 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 at 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. Passwords will be changed every six months.

6.9 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.

6.10 Where internet banking arrangements are made with a bank, the Clerk or RFO shall be appointed as the Service Administrator. The bank mandate approved by the Council shall identify the Councillors who are authorised to approve transactions. It shall also state clearly the payment amounts that can be authorised by the Service Administrator alone and by the Service Administrator together with an authorised Councillor.

6.11 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 the Clerk or RFO and a Councillor. A programme of regular checks of standing data with suppliers will be followed.

6.12 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 As an employer, the Council 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 salary rates shall be as agreed by Council, or duly delegated committee.

7.2 No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council.

7.3 Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record. This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:

- i. by any Councillor who can demonstrate a need to know;
- ii. by the internal auditor;
- iii. by the external auditor; or
- iv. by any person authorised under the Accounts and Audit (England) Regulations 2011, the Local Audit and Accountability Act 2014 and supporting Regulations.

## **8. LOANS AND INVESTMENTS**

8.1 All loans shall be negotiated in the name of the Council after obtaining any necessary loan approval. Any application for a loan shall be approved by the full Council as to terms and purpose.

8.2 Any financial arrangement which does not require formal Loan Approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the full Council. In each case a report in writing shall be provided to Council in respect of value for money for the proposed transaction.

8.3 All Investments shall be in the name of the Council and shall be for a set period in accordance with Council policy.

8.4 All investments of money under the control of the Council shall be in the name of the Council.

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 at least 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 in which they occur.

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 VAT Act 1994 Section 33 shall be made annually.

9.9 Any income arising which is the property of a charitable trust shall be paid into a charitable bank account. Instructions for the payment of funds due from the charitable trust to the Council (to meet expenditure already incurred by the authority) will be given by the Managing Trustees of the charity meeting separately from any Council meeting.

## **10. 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. Copies of orders shall be retained and minuted.

10.2 All Members and Officers are responsible for obtaining value for money at all times. An Officer 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 or more quotations or estimates from appropriate suppliers.

10.3 A Member may not issue an official order or make any contract on behalf of the Council. 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 Procedures as to contracts are laid down as follows:

11.2 Every contract shall comply with these Financial Regulations, and no exceptions shall be made otherwise than in an emergency. This Regulation need 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 insurers, 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 Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of Council); and
- vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

11.3 Where it is intended to enter into a contract exceeding £2,000 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 set out above, the Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.

11.4 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.

11.5 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.

11.6 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.

11.7 If less than three tenders are received for contracts above £2,000 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.

11.8 When it is to enter into a contract of less than £2,000 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 set out above, the Clerk or RFO shall obtain three quotations (priced descriptions of the proposed supply); where the value is below £500 and above £100 the Clerk or RFO shall strive to obtain two estimates.

11.9 The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

11.10 Should it occur that the Council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the Council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

11.11 The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.



## **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 contract 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 Clerk to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

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

13.1 The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The RFO shall ensure a record is maintained of all properties held 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 the Accounts and Audit Regulations.

13.2 No tangible moveable property shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Council, together with any other consents required by law.

13.3 No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law.

13.4 No real property (interests in land) shall be purchased or acquired without the authority of the full Council.

13.5 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date.

## **14. INSURANCE**

14.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers in consultation with the Council.

14.2 The Clerk shall give prompt notification to the Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances. 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 Council at the next available meeting.

14.4 All appropriate Members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

## **15. CHARITIES**

15.1 Where the Council is sole managing 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.

## **16. RISK MANAGEMENT**

16.1 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 annually.

16.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## **17. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

17.1 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.

17.2 The Council may, by resolution of the Council duly notified prior to the relevant meeting of Council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all Members of Council.