

Hathern Parish Council

Financial Regulations

Record of Changes

Date	Change
March 2009	First Draft
April 28 2009	2 nd Draft (amended at F&GP meeting)
May 11 2009	Amended and adopted by PC
March 22 2010	Reviewed
April 11 2011	Reviewed, amended and adopted by PC
April 23 2012	Reviewed, no change and adopted by PC
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June 8 th 2015	Reviewed, amended and adopted by PC
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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 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, in consultation with the Council, the Council's accounting records and accounting control systems. The RFO shall ensure that the accounting control systems are followed and that the accounting records of the Council are maintained and kept up to date in accordance with proper practices.

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 which shall be in accordance with proper practices.

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 BUDGET

2.1 An annual budget recommendation shall be prepared by the Finance and General Purposes Working Group and submitted to the Parish Council prior to the December Council Meeting.

2.2 The Council shall review the budget recommendation, agree an annual budget and fix the Precept to be levied for the ensuing financial year, not later than the end of December each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.

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

3 BUDGETARY CONTROL

3.1 The Council will determine revenue expenditure giving due regard to the annual budget.

3.2 The RFO shall provide the Council with a statement of income and expenditure prior to each Council meeting and as requested at other times.

3.3 The Clerk, or nominated Councillor in the absence of 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 urgency that, in the opinion of the Clerk, it must be done urgently (for example when public health or safety is at risk). Such expenditure may be incurred whether or not there is budgetary provision but is subject to a financial limit of £3000. The Clerk shall report the situation prior to any action taken with the Chairman and confirm the expenditure with the Chairman as soon as practicable thereafter. Any such expenditure is to be reported to the next Council meeting for the action to be endorsed.

3.4 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 (or will be) available.

3.5 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 the Accounts and Audit (England) Regulations 2011 or other Statutory Instrument which may supersede those Regulations, and approved by the Council

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 in any case by the statutory date of 30 June, and shall submit them and report thereon to the Council.

4.3 The RFO 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 (England) Regulations 2011.

4.4 The RFO shall ensure that there is 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 (England) Regulations 2011.

4.5 An 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 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 Internal Auditor's role is to ensure the Council record all transactions, record accurately and efficiently as in line with the best practice. 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.

4.7 The RFO 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 (England) Regulations 2011.

4.8 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 The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency and value.

5.2 The Council will authorise 3 Councillors to sign cheques on its behalf. Cheques drawn on the Council's bank accounts shall be signed by two of the 3 authorised Councillors

5.3 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.

5.4. Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.3 or in accordance with paragraph 6.4, shall be signed at the Meeting.

5.4 The RFO will reconcile the Council's bank statement monthly against receipts and expenditure as recorded in the cash book and financial spreadsheet. The most recent bank account statement together with an updated financial spreadsheet will be provided to Councillors by the RFO at each Council Meeting.

6 PAYMENT OF ACCOUNTS

6.1 All payments shall be effected by cheque or by direct debit 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 Chairman 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.

7 INCOME

7.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.

7.2 The Council will review all fees, rents and charges annually, following a report of the Clerk.

7.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

7.4 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.

7.5 The origin of each receipt shall be entered on the paying-in slip.

7.6 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.

8 CONTRACTS AND ORDERS FOR WORK, GOODS AND SERVICES

8.1 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.

8.2 Order books shall be controlled by the RFO.

8.3 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.

8.4 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order or contract, 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.

8.5 Any contract anticipated to be at or above £20,000 in value will be subject to a competitive tendering process whereby two or more tenders are sought against a specification approved by the Council. Where purchase orders or contracts are anticipated to be at or above £5,000 but below £20,000 competitive quotations/prices will be sought.

Summary of Expenditure limits and associated purchase order process

Expenditure Step	Expenditure Limits	Order Process
1	Up to £500 total expenditure between PC Meetings	At discretion of Clerk (or nominated Councillor in the absence of the Clerk)
2	Up to £4999	Approval by Council
3	£5,000 to £19,999	Competitive quotations/prices, approval by Council
4	At or above £20,000	Competitive tenders, approval by Council

The Council has the discretion to change this process for Step 3 where it is clear that such a process is unlikely to improve value for money or to deliver competing bids. In these circumstances the Council can approve expenditure on the basis of a single supplier quote/price.

8.6 Any formal Contract arrangement with a provider shall use, as its basis, the Service Agreement for Small Contractors

8.7 An invitation to tender shall detail the intended work or service to be provided and subsequent tenders shall be required to be delivered in sealed envelopes. All tenders for the same work shall be opened at the same time on the prescribed date by a minimum of 2 persons as the Council may direct.

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

9 . LOANS AND INVESTMENTS

9.1.All loans and investments will be negotiated in the name of the Council and will be set for a period approved by the Council.

9.2.All borrowings will be in the name of the Council and will not be entered into until necessary approvals have been given. Any application will be approved by Council, especially the terms and purpose. These terms must be reviewed annually.

9.3.All investments of money under the control of the Council will be in the name of the Council and all certificates or other documents will be retained by the RFO

10 ASSETS, PROPERTIES AND ESTATES

10.1 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 Accounts and Audit Regulations.

10.2 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.

10.3 The RFO shall ensure that an appropriate and accurate Register of Assets is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.

11 INSURANCE

11.1 Following the annual risk assessment (per Financial Regulation 12), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

11.2 The RFO shall identify any new risks, properties or equipment which require to be insured and of any alterations affecting existing insurances.

11.3 The RFO shall keep a record of all insurances affected by the Council and the assets and risks covered thereby, and the Council will annually review it.

11.4 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.

11.5 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

11.6 Minimum insurance cover will include Public Liability, Employers Liability, Money and Fidelity Guarantees, Officials Indemnity and Property Damage.

12 RISK MANAGEMENT

12.1 The Council is responsible for putting in place arrangements for the management of risk. The Finance and General Purposes Working Group shall prepare, for approval by the Council, a Risk Assessment (including risk management arrangements) in respect of all activities of the Council. The Risk Assessment shall be reviewed by the Council annually.

12.2 When considering any new activity, the Finance and General Purposes Working Group shall prepare a draft risk assessment for consideration and adoption by the Council.

13 REVIEW OF FINANCIAL REGULATIONS

13.1 It shall be the duty of the Council to review the Financial Regulations of the Council annually. 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.