

BOXTED PARISH COUNCIL

FINANCIAL REGULATIONS

May 2010

These Financial Regulations were adopted by the Council at its meeting held on 12th May 2010

1 GENERAL

- 1.1 These Financial Regulations govern the conduct of the financial transactions of the Council and may only be varied or amended by resolution of the Council.
- 1.2 The Responsible Financial Officer (RFO), under the policy direction of the Council shall be responsible for the proper administration of the Council's affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.

2 ANNUAL ESTIMATES

- 2.1 Each committee (if any) shall formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of November each year.
- 2.2 Any applications to the Parish Council for a grant to be paid in the following financial year should be made not later than the end of November each year.
- 2.3 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.
- 2.4 The Council shall review the estimates before the January Parish Council meeting 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.
- 2.5 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.6 The Council shall prepare and have regard to a three year forecast of Revenue and Capital Receipts and Payments which shall be prepared at the same time as the annual budget or estimates.

3 BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.

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- 3.2 No expenditure may be incurred which will exceed the amount provided in the revenue budget unless the council has approved a virement.
- 3.3 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budget, comparing actual expenditure with that planned.
- 3.4 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 extreme urgency that it must be done at once whether or not there is any budgetary provision for it, subject to a limit of £300. The Clerk shall report the action to the Council as soon as is practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall be carried forward to reserves, unless specifically earmarked.
- 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 as required by the Accounts and Audit Regulations 1996 as amended.
- 4.2 The RFO shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
- 4.3 The RFO shall be responsible for completing 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 for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 1996 as amended or set by the Auditor.
- 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

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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 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 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 the 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.
- 5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, 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. If more appropriate the detail may 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 by two members of Council.
- 5.4 To indicate agreement of the details shown on the cheque or order for payment the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

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- 5.5 The RFO shall be a signatory on the bank account to enable the RFO to use telephone banking services. (SEE ALSO 6.4)

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 Clerk. The Clerk shall be satisfied 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.
- 6.1 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 Clerk and RFO certify that there is no dispute or other reason to delay payment, the Clerk may (not withstanding paragraph 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 Clerk or RFO (for example for postage or minor stationery items) shall be refunded against proof of purchase on a monthly basis with the payment of salary.

7 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 such salaries shall be as agreed by the Council.
- 7.2 Payment of salaries and payment of deductions from salaries such as may be made for tax, national insurance and pension contributions, must be made in accordance with payroll records and on the appropriate dates, provided that each payment is reported to and ratified by the next available Council meeting.

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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'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 effected 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 terms and purpose.
- 8.5 All investment certificates and other documentation 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 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.
- 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 complete on a timely basis any VAT return which is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually. If an annual claim is submitted it should be done after the February Parish Council meeting to ensure any repayment is received before the end of the financial year.
- 9.9 Where any significant sums of cash are regularly received by the Council, the RFO shall take such steps as are agreed by the Council to ensure that more than one

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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 issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10 ORDERS FOR WORK, GOODS AND SERVICES

- 10.1 An official order or letter or email 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.
- 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, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 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.
- 10.5 The Clerk /RFO is authorised to commission work up to a limit of £300 before coming to the Council.

11 CONTRACTS

- 11.1 Procedures as to contracts are laid down as follows:
- a) Every contract shall comply with these financial regulations and no exceptions shall be made except in an emergency. These regulations will not apply to items under (1) to (6) below.
- (1) The supply of gas, electricity, water, sewerage and telephone services.
- (2) The provision of specialist services such as those of solicitors, accountants, surveyors and planning consultants.
- (3) Work to be carried out or goods or materials to be supplied which are part of repairs to or parts for existing machinery, equipment or plant.

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(4) Work to be carried out or goods and services to be supplied which constitute an extension of an existing contract.

(5) Additional work by the external auditor up to an estimated value of £250. In excess of this amount the Clerk and RFO shall act after consultation with the chairman and vice-chairman of the Council.

(6) 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 those excepted in paragraph (a) the Clerk shall invite tenders from at least three firms to be taken from an approved list.

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) An invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain appropriate technical specifications where necessary. The invitation shall state that all tenders must be addressed to the Clerk by regular post. Each tendering firm will be supplied with a specifically marked envelope in which the tender is to be sealed. This will remain unopened until the prescribed date for opening tenders for the contract.

e) 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 the council.

f) If less than three tenders are received for contracts above £60,000 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) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Order 21

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12 PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORK

- 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 have been agreed)
- 12.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payment. 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 by 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 shall be informed if the final cost is likely to exceed the financial provision.

13 STORES AND EQUIPMENT

- 13.1 The Clerk shall be responsible for the care and custody of any stores and equipment.
- 13.2 Delivery notes shall be obtained in respect of any goods received and these should be checked as to quantity and quality on receipt.

14 PROPERTIES AND ESTATES

- 14.1 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 of all properties owned by the Council is maintained. This should show, location, extent, plan, 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.
- 14.2 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 does not exceed £50.

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15 INSURANCE

- 15.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting the existing insurances.
- 15.3 The RFO shall keep a record of all insurances effected by the Council and the property and the risks covered thereby and shall review it annually.

16 CHARITIES

- 16.1 Where the Council is sole 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 has been determined by the Charity Commission.
- 16.2 The Clerk and RFO shall arrange for any Audit or Independent Examination as may be required by charity law or any governing document.

17 RISK MANAGEMENT

- 17.1 The Clerk with the RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 17.2 When considering any new activity, the Clerk and the RFO shall prepare a draft risk management policy for the activity, addressing the legal and financial liabilities and risk management issues that arise and bring it to the Council for consideration and adoption.

18 REVISION OF FINANCIAL REGULATIONS

- 18.1 It shall be the duty of the Council to review the Financial Regulations from time to time, at least every two years.