

KINLET PARISH COUNCIL.

Financial Regulations.

1. GENERAL.

- 1.1 These Financial Regulations govern the conduct of the financial management by the Council and may only be amended or varied by resolution of the Council.
- 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 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.
- 1.3 The Clerk has been appointed Responsible Financial Officer (RFO) and acting under the policy direction of the Parish Council 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 practices.
- 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 The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding setting the final budget or the precept/approving accounting statements/approving an annual governance statement/borrowing/writing off bad debts/declaring eligibility for the General Power of Competence and addressing recommendations in any report from the internal or external auditors. These shall be a matter for the full council only.
- 1.6 In addition the council must determine and keep under regular review the bank mandate for all council bank accounts/approve any grant or single commitment in excess of £250.
- 1.7 In respect of the annual salary for any employees have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.
- 1.8 In these financial regulations, reference to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 or any superseding legislation and then in force unless otherwise specified.
- 1.9 In these financial regulations the term 'proper practice (s)' shall refer to guidance issued in Governance and Accountability for local councils in England and Wales – a Practitioners' Guide which is published jointly by the Joint Practitioners Advisory Group (JPAG)

2. ANNUAL ESTIMATES. (Budget).

- 2.1 Detailed estimates of receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year no later than January 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 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 approved budget shall form the basis of financial control for the ensuing year.

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.
Amounts in excess of the budgeted figure shall be agreed via a minuted resolution.
- 3.2 The RFO shall provide the Council with a bank reconciliation at least half yearly.
- 3.3 The RFO will report financial matters including a budget report to Full Council on a quarterly basis.
- 3.4 No expenditure shall be incurred in relation to any project and no contract entered into or tender accepted involving expenditure unless the Council are satisfied that it is contained in the budget and that the necessary capital funds are available, or the requisite borrowing or grant approval can be obtained.

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, appropriate guidance and proper practices.
- 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 thereon 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 Council shall ensure that there is adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council, supply the RFO, internal auditor or external auditor with such information and explanation as the council considers necessary for that purpose.
- 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 RFO shall make arrangements for the exercise of electors' 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 Audit Commission Act 1998, or any superseding legislation and the Accounts and Audit Regulations.
- 4.7 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 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 will present invoices for payment at each meeting and if payment is agreed this will be recorded in the minutes.
- 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 The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading.
- 5.5 Bank accounts shall be maintained as agreed appropriate by the council and cheques drawn on the bank account shall be signed by any 3 authorised signatories.
- 5.6 To indicate agreement of the details shown on the cheque for payment, the signatories shall each also initial the cheque counterfoil and corresponding invoices.
- 5.7 Current balances on the bank accounts shall be reported quarterly by the Clerk.
- 5.8 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 matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted,

6. PAYMENT OF ACCOUNTS.

- 6.1 The council will make safe and efficient arrangements for the making of its payments. All payments shall be effected by cheques or other order drawn on the Council's bankers.
- 6.2 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 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 salaries shall be made in accordance with payroll records and the rule of PAYE and National Insurance currently operating and salary rates shall be as agreed by the council, or duly delegated committee.
- 7.2 The payment of wages shall be made by cheque after approval by the Council.
- 7.3 In accordance with HMRC regulations the Council has registered for 'Real Time' and payments to employees are advised in accordance with regulations on a monthly basis.

8. LOANS AND INVESTMENTS.

- 8.1 Any loans and investments of money under the control of the Council shall be in the name of the Council and agreed via a minuted resolution
- 8.2 Any investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 8.3 All investment certificates and other documents relating thereto shall be in the name of the council.
- 8.4 Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Authorisation of payments) and Regulation 6 (Payment of Accounts))

9. INCOME.

- 9.1 The collection of any sums due to the Council shall be the responsibility of and under the supervision of the RFO
- 9.2 The origin of each receipt shall be entered on the paying-in slip.
- 9.3 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.4 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.

10. ORDERS FOR WORK, GOODS AND SERVICES.

- 10.1 An official letter shall be issued for all work, goods and services. Copies of such letters issued shall be maintained.
- 10.2 All members and Officers are responsible for obtaining value for money at all times and shall ensure that as far as reasonable and practicable the best available terms are obtained in respect of each transaction, usually with 3 alternative quotations being obtained subject to any *de minimis* provisions in Regulation 11.1
- 10.3 A member may not issue an official order or make any contract on behalf of the council.
- 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 Every contract shall comply with these financial regulations and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to the supply of gas, electricity, water, sewerage and telephone services/for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants/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/for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council/for additional audit work of the external auditor up to an estimated value of £250 (in excess of this sum the Clerk shall act after consultation with the Chairman and Vice Chairman) and for goods or materials proposed to be purchased which are proprietary articles and/or are sold only at a fixed price.
- 11.2 When the council is to enter into a contact above £3,000 the RFO shall obtain 3 quotations (priced descriptions of the proposed supply), where the value is below £3,000 and above £100 the RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (2) above shall apply.
- 11.3 The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 11.4 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.
- 11.5 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. ASSETS, PROPERTIES AND ESTATES.

- 12.1 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.

13. INSURANCE.

- 13.1 Following the annual risk assessment (per Financial Regulation 14), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 13.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and these shall be reviewed annually.
- 13.3 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.
- 13.4 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.

14. RISK MANAGEMENT.

- 14.1 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 shall be reviewed by the council at least annually.
- 14.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

15. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS.

- 15.1 It is 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.
- 15.2 The council may, by resolution of the council duly notified prior to the relevant meeting of the 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 the council.

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