

# ROTHERFIELD PARISH COUNCIL

## FINANCIAL REGULATIONS

### 1. GENERAL

- i. These financial regulations shall govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.
- ii. The Responsible Financial Officer (RFO) under the policy direction of the Finance and General Purpose Committee (FGPC) shall be responsible for the proper administration of the Council's financial affairs.
- iii. The RFO shall be responsible for the production of financial management information.

### 2. ANNUAL ESTIMATES

- i. Each committee shall formulate and submit proposals to the FGPC in respect of revenue services and capital costs for the following financial year not later than the end of November each year.
- ii. Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO
- iii. The FGPC shall review the estimates and submit them to the full Council with their recommendation for the Precept for the forthcoming financial year, this to be in time for the deadline set by Wealden District Council for submission of the precept notification to them. The RFO shall supply each member with a copy of the approved estimates.
- iv. The annual budgets shall form the basis of financial control for the ensuing year.

### 3. BUDGETARY CONTROL

- i. Expenditure on the revenue account may be incurred up to the amounts included in each approved budget.
- ii. The Clerk shall provide the Council monthly with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.
- iii. The Clerk may incur expenditure on behalf of the Council, which is necessary to carry out any repair, replacement, or other work, which must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £250 per any one transaction. The Clerk shall report the action to the Council at the next Council meeting.
- iv. A Committee with an expenditure budget may approve the spending of amounts within a revenue expenditure heading providing that after payment the Committee will still be within its budget for that expenditure heading and that the action is reported to the Council at the next Council meeting.
- v. No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless approved by the Council who is also satisfied that the necessary funds are available, or the requisite borrowing approval can be obtained.
- vi. All capital works shall be administered in accordance with the Council's financial regulations relating to contracts.

### 4. FINANCE AND GENERAL PURPOSE COMMITTEE

The Committee will meet at least twice in each year as follows:-

- In January to consider budgets for the Council and Committees so that the Precept requirement may be formulated for the forthcoming financial year. These recommendations to be presented to the January Council meeting for approval by the full Council and submission to Wealden District Council.
- In April to consider approval of draft accounts to end of March for presentation at the Annual Parish Meeting and to the internal auditors.

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Membership of this Committee shall comprise the Council Chair and Vice Chair, the Chairs of each Committee plus two other Councillors who shall be appointed annually. For the two Councillor appointees to this Committee preference shall be given to members of the Council who are also members of either the District or County Council.

## 5. ACCOUNTING AND AUDIT

- i. 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.
- ii. 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.
- iii. 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); also 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.
- iv. 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. The Clerk or any member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council that appear to be necessary for the purpose of the internal audit and shall supply such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- v. 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 Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- vi. The Clerk 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.

## 6. BANKING ARRANGEMENTS AND CHEQUES

- i. The Council's banking arrangements shall be made by the Clerk and approved by the FGPC. They shall be regularly reviewed for efficiency.
- ii. A schedule of the payment of money required each month shall be prepared by the Clerk and be presented at the monthly Council meeting, together with the relevant invoices and supporting documents. If the schedule is in order, it shall be authorised by a resolution of the Council.
- iii. Three members of the Council shall sign cheques drawn on the bank accounts in accordance with the schedule. Two of the signatories will also initial the corresponding cheque counterfoils.
- iv. To indicate agreement of the details shown on the cheque or order for payment with the schedule, the signatories shall each also initial the cheque verification sheet.

## 7. PAYMENT OF ACCOUNTS

- i. All payments shall be effected by cheque or other order drawn on the Council's bankers.
- ii. All invoices for payment and the work, goods or services to which the invoice relates shall be examined, verified and certified by the Clerk. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next Council Meeting.
- iii. The Chairs of Committees shall examine invoices in relation to arithmetic accuracy and the Clerk shall analyse them to the appropriate expenditure heading.

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- iv. 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 (for example for postage or minor stationery items) shall be refunded on a regular basis.

## 8. PAYMENT OF SALARIES AND WAGES

- i. 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 Council.

## 9. LOANS AND INVESTMENTS

- ii. All loans and investments shall be negotiated in the name of the Council, and shall be for a set period of time in accordance with Council policy.
- iii. 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).
- iv. All investments of money under the control of the Council shall be in the name of the Council.
- v. 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 Council as to terms and purpose.
- vi. All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk.

## 10. INCOME

- i. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council and the collection of all sums due to the Council shall be the responsibility of the Clerk.
- ii. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- iii. All sums received on behalf of the Council shall be normally be banked within two working days of receipt. The origin of each receipt shall be entered on the paying-in slip.
- iv. The Clerk 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 twice per year.
- v. Where required, the Council shall at its discretion hold sums for voluntary organisations within the Parish of Rotherfield in separate accounts.

## 10. ORDERS FOR WORK, GOODS AND SERVICES

- i. 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 by the Clerk.
- ii. All members and the Clerk are responsible for obtaining value for money at all times. They must ensure as far as is 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.
- iii. 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

Procedures as to the contracts are laid down as follows:

- i. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise that in an emergency provided that these regulations shall not apply to contracts which relate to items a) to f) below:

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- a) For the supply of gas, electricity, water, sewerage and telephone services
  - b) For specialist services such as are provided by solicitors, accounts, surveyors and planning consultants
  - c) For work to be executed or goods or materials to be supplied which consists of repairs to or parts for existing machinery or equipment or plant
  - d) For work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council
  - e) For additional audit work of the external Auditor up to an estimated value of £250
  - f) For goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price.
- ii. Where it is intended to enter into a contract exceeding £3000 in value for the supply of goods or materials or for the execution of works or specialist services, the Clerk shall invite tenders from at least three firms.. Goods, materials, work or specialist services as set out in paragraph 11i above are excepted from this rule.
  - iii. Such invitations 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 the last date on which such tenders must reach the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specially marked envelope in which the tender is to be sealed until the prescribed date for opening tenders for that contract.
  - iv. The Clerk, at a meeting of the relevant Committee at which the contract is to be discussed and, if appropriate, awarded, shall open all sealed tenders at the same time.
  - v. If less than three tenders are received for contracts valued above £3000 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. The minutes shall record both the number of tender requests issued and returned.
  - vi. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
  - vii. When applications are made to waive standing orders relating to contracts to enable a price to be negotiated without competition the reason shall be embodied in a recommendation to the Council.

## 12. PAYMENTS UNDER CONTRACTS FOR BUILDING AND CONSTRUCTION WORKS

- i. 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).
- ii. Where contracts provide for payment by instalments the Clerk shall maintain a record of all such payments. In any case when 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 for approval.
- iii. Any variation to a contract, addition to, or omission from a contract must be approved by the Council and confirmed by the Clerk to the Contractor in writing.

## 13. STORES AND EQUIPMENT

- i. The Officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- ii. Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time delivery is made.
- iii. Stocks shall be kept at the minimum levels consistent with operational requirements.
- iv. The RFO shall be responsible for a check of all stocks and stores at least annually.

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## 14. PROPERTIES AND ESTATES

- i. 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 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.
- ii. 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.

## 15. INSURANCE

- i. Following an annual risk assessment, the RFO shall affect all insurances and negotiate all claims on the Council's insurers.
- ii. The Clerk shall give prompt notification to the FGPC of all new risks that require to be insured and of any alterations affecting existing insurances.
- iii. The Clerk 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.
- iv. All appropriate employees of the Council shall be included in suitable fidelity guarantee insurance that shall cover the maximum risk exposure as determined by the Council.

## 16. RISK MANAGEMENT

- i. When considering any new activity the FGPC shall prepare a draft risk management policy for the activity and shall address the legal and financial liabilities. The issues that arise shall be brought to Council for consideration and, if thought appropriate, adoption.

## 17. REVISION OF FINANCIAL REGULATIONS

- i. It shall be the duty of the FGPC to review these Financial Regulations from time to time and to make such recommendations to the Council as are required.

## 18. INTERNAL CHECK PROCESSES AND HOUSEKEEPING

- i. On the receipt of the monthly bank statements the RFO will undertake a reconciliation of the bank accounts with the Receipts and Payments book. This will take into account any cheques issued but not presented at the bank.
- ii. The RFO will undertake a monthly analysis of expenditure, with the final Detailed Net Expenditure figure balancing with the Bank Reconciliation. Any difference is to be investigated and reported at the next Parish Council Meeting unless identified and corrected before this.
- iii. Copies of the most recent Bank Reconciliation and Detailed Net Expenditure are to be circulated to the Councillors before the monthly Parish Council Meeting.
- iv. The Chairman shall inspect the Bank Reconciliation, Detailed Net Expenditure and Bank Statements. The Bank Reconciliation is to be signed and dated by the Chairman and the Detailed Net Expenditure figures initialled to confirm that they have been inspected. Bank Statements are to be initialled to confirm that their balances agree with the Bank Reconciliation.
- v. The Bank Reconciliation and Detailed Net Expenditure are to be retained with the Parish Council Meeting Minutes of the month to which they relate.
- vi. Financial records shall be retained in accordance with the guidelines and schedules provided by the National Association of Local Councils

These Financial Regulations were adopted by the Council at its meeting held on 31<sup>st</sup> March 2011.

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<b>LIST OF CORRECTIONS AND AMENDMENTS</b>	
<b>Date</b>	<b>Details</b>
<b>Approved at 26/01/2012 PCM</b>	Page 1. Section 3 (iii). “per any one transaction” added to clarify limitation of Clerk’s emergency spending power. Change requested by Internal Auditors.