

GRAFFHAM PARISH COUNCIL

FINANCIAL REGULATIONS

Revised 11 March 2016, Adopted Minute 130 (f)

Revised 13 January 2017, Adopted Minute 87 e

Reviewed 12 January 2018. Re-adopted unchanged Minute 91 (e)

Reviewed 18 January 2019. Re-adopted with revisions to clauses 4.4 and 4.8, Minute 87e

These Financial Regulations were initially adopted by the Council at its Meeting held on 9 September 2013. Minute 51.

Following revisions on 13 January 2015 (Minute 90 ©)

Following revisions to Clause 11.1 © on 11 March 2016 they were RE-ADOPTED on 11 March 2016, Minute 130 (f).

Following revision to Clause 4.4, 4.8, 5.2, 5.3 and the correction to numbering in 5.4 and 5.6, these were RE-ADOPTED on 13 January 2017, Minute 8 e.

Following revision to Clauses 4.4 and 4.8..... These were Re-Adopted on 18 January 2019, Minute 87e

1. GENERAL

1.1 These financial regulations govern the conduct of the financial transactions of 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 and 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 Clerk has been appointed as Responsible Financial Officer (RFO) for this council and these regulations will apply accordingly. The RFO, under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practice and will be responsible for the proper administration of the Council's affairs. The RFO and Council shall determine its accounting records and accounting control systems. The RFO and Council 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.

1.3 The RFO shall be responsible for the production of financial management information as required by the Council or by any relevant authority.

1.4 The Council shall be responsible for ensuring that the financial management is adequate and effective and that the Council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk.

1.5 The Council shall review at least once a year the effectiveness of its systems of internal controls.

1.6 In these financial regulations the term "proper practice" or "proper practices" shall refer to guidance issued in Governance and Accountability for local Councils in England and Wales – a Practitioners' Guide England which is available from the websites of NALC and SLCC.

2. ANNUAL ESTIMATES/BUDGET

2.1 Each Committee (if any) shall formulate and submit proposals to the RFO for incorporation in the draft Annual budget for approval by the Council in respect of revenue and capital costs for the following financial year not later than the January meeting each year.

2.2 Detailed estimates of all receipts and payments for the year, including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Finance Committee and then Council.

2.3 The Council shall review the estimates/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 supply each member with a copy of the approved estimates. 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 budgets 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.

3.2 During the budget year, the RFO may, in conjunction with the Chairman of the Finance Committee, move unspent and available amounts to other budget headings or to an earmarked reserve, as appropriate. Otherwise, no expenditure may be incurred which will exceed the amount provided in the revenue budget for that class of expenditure without the specific approval of the Council.

3.3 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each heading of the budgets, comparing actual expenditure against that planned. These statements are to be prepared by the RFO and presented at each Council meeting.

3.4 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless approved by resolution by the Council.

3.5 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.

3.6 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 and Council as required by the Accounts and Audit Regulations.

4.2 On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.

4.3 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 to the Chairman of the Finance Committee and thereon to the Council.

4.4 The RFO shall complete the annual statement of accounts, Annual Report and any related documents of the Council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.

4.5 The Council shall be responsible for ensuring that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. 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.

4.6 The Council shall carry out a review of the effectiveness of internal audit on an annual basis in accordance with the Accounts and Audit Regulations.

4.7 The Internal Auditor shall carry out the work required by the RFO and the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as required 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 with a minimum of one annual 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.

4.8 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 notes and statements of account required by Audit Commission Act 1998, or any superseding legislation of the Accounts and Audit Regulations.

4.9 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.

5.2 The RFO will present to Council at each meeting a schedule of payments required, together with the relevant invoices. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by a Member other than the Chairman, thus authorising the RFO to draw the cheques.

5.3 The RFO will present to Council at each meeting a schedule of payments which have been made since the last meeting, which were not previously authorised at the prior meeting in accordance with 5.2. These payments will be ratified as correct by a resolution of Council and the schedule of payments shall be initialled by a Member other than the Chairman.

5.4 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 and 5.3. or in accordance with paragraph 6.4, shall be signed by two members of Council.

5.5 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

5.6 The schedules referred to in 5.2 and 5.3 will be attached to the minutes of the meeting.

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 RFO. The RFO shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and subsequently approved by the Chairman or Vice-Chairman of the Council or the most appropriate relevant Councillor (i.e the Councillor who had ordered the work).

6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The RFO shall take all steps to settle all invoices submitted, and which are in order.

6.4 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 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.

7.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, should be made in accordance with the payroll records and on the appropriate dates.

8. LOANS AND INVESTMENTS

8.1 All loans and investments, if any, shall be negotiated in the name of the Council and shall be in accordance with Council policy.

8.2 The Council's Investment Policy, if required, 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 Council as to terms and purpose.

8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the Council's bank.

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 RFO.

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 and promptly. In all cases, all receipts shall be deposited with the Council's bankers promptly.

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 at least annually coinciding with the financial year end.

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 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 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 provisions in Regulation 11 (1) 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.

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 otherwise than in an emergency provided that these regulations shall 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 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 on or 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 £250 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chairman of Council);

(vi) for 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

(i) exceeding £1,000 the RFO shall invite tenders from at least three firms.

(ii) 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.

(iii) Such invitation to tender shall state the general nature of the intended contract.

(iv) If less than three tenders are received for contracts above £1,000 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.

(v) When the Council is to enter into a contract less than £1,000 in value for the supply of goods or materials or for the execution of works or specialist services Regulation 10 (3) above shall apply.

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

(c) Where the value of a contract is likely to exceed £25,000 or more (or other threshold specified by the Office of Government Commerce from time to time) the Council must consider whether the Public Contracts Regulations 2015/12 ("the 2015 Regulations") and the Utilities Contracts Regulations 2006 (SI No.6, as amended) apply to the contract and, if either of those regulations apply, the Council must comply with EU procurement rules.

Procurement and award of contracts covered by the 2015 Regulations which have an estimated value of £25,000 or more must satisfy the requirements of the 2015 Regulations which include use of the Contracts Finder website.

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, where relevant, upon authorised certificates of any 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 10% 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. PROPERTIES AND ESTATES

13.1 The RFO 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 Regulation 4(3)(b) of the Accounts and Audit Regulations 1996 as amended.

13.2 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.

13.3 The RFO/Chairman of the Finance Committee 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.

14. INSURANCE

14.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers

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.

14.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

14.4 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.

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

15. CHARITIES

15.1 Where the Council is sole trustee of a Charitable body the Clerk and Finance Committee 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 Finance Committee 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 RFO, with the Chairman of the Finance Committee and/or Chairman, shall prepare and promote risk management policy statements in respect of all activities of the Council.

16.2 When considering any new activity the RFO, in conjunction with the Chairman or appropriate Councillor, shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

16.3 The Council shall carry out a Financial Risk Assessment on an annual basis in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto. The minutes shall record such review of the financial risks.

17. REVISION OF FINANCIAL REGULATIONS

17.1 It shall be the duty of the Council to review the Financial Regulations of the Council on an annual basis.