

# Kings Clipstone Parish Council



## FINANCIAL REGULATIONS

- 1. General ..... 2
- 2. Annual Estimates (Budget) ..... 3
- 3. Budgetary Control ..... 3
- 4. Accounting and Audit ..... 4
- 5. Banking Arrangements and Cheques ..... 5
- 6. Payment of Accounts..... 6
- 7. Payment of Salaries ..... 6
- 8. Loans and Investments..... 7
- 9. Income ..... 7
- 10. Orders for Work, Goods and Services ..... 8
- 11. Contracts..... 8
- 12. Payments Under Contracts for Building or Other Construction Works ..... 10
- 13. Stores and Equipment ..... 10
- 14. Assets, Properties and Estates ..... 10
- 15. Insurance ..... 11
- 16. Charities..... 11
- 17. Risk Management..... 12
- 18. Revision of Financial Regulations ..... 12

These Financial Regulations were adopted by the Council at its Ordinary Meeting held on 4<sup>th</sup> December 2017 under minute reference 18/094(iv).

## 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 Full 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 its 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. Edwinstowe Parish Council has appointed the Parish Clerk as RFO and these regulations will apply accordingly.
- 1.3 Under the policy direction of the Council, the RFO shall:-
  - i. administer the Council's financial affairs in accordance with proper practices;
  - ii. determine the Council's accounting records, and accounting control systems;
  - iii. ensure that the accounting control systems are observed;
  - iv. ensure that the accounting records of the Council are maintained and kept up to date in accordance with proper practices;
  - v. 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 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 Estimates (Budget)**

- 2.2 Detailed estimates of all receipts and payments 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 and approved by the Parish Council.
- 2.3 The Council shall review the budget not later than the end of November each year and shall fix the Precept to Newark & Sherwood District Council and shall supply each Member with a copy of the approved budget.

## **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 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- 3.3 The RFO shall provide the Council with a Quarterly statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget.
- 3.4 The Parish 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 the expenditure. He shall report the action to the Council as soon as practicable thereafter.
- 3.5 The Parish Clerk may authorise expenditure of up to £100 for any specific item, contract or service provided that such expenditure is in accordance with Council policy and procedures and is reported, retrospectively, to the next meeting of the Parish Council.
- 3.6 The Parish Clerk may authorise expenditure of up to £100 for any specific item, contract or service within the remit of that post, provided that such expenditure is in accordance with Council policy and

04/12/2017

procedures and is reported, retrospectively, to the next meeting of the Parish Council.

- 3.7 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.
- 3.8 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- 3.9 Housekeeping Expenditure - Councillors and Officers are authorised to buy such things as milk, consumables, parking tickets and other small miscellaneous items for use in the office and to seek reimbursement from petty cash (or at the next Ordinary Meeting). The Parish Clerk will approve reimbursement of claim.

#### **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 Regulations.
- 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 (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 Regulations.
- 4.4 The RFO shall ensure that there is adequate and effective system of internal audit or 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 considers necessary for that purpose.
- 4.5 The 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 annually to Council in writing, with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and independence,

04/12/2017

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 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 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 Cheques**

- 5.1 The Council's banking arrangements, including the Bank Mandate, 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, shall be prepared by the RFO and be presented to the next meeting of the 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. Following the meeting, cheques will be raised, signed by two councillors and any paperwork initialled by the same two councillors. Salaries or any cheques requiring payment more urgently will be authorised by the Chair and Vice-Chair outside of the Ordinary Meeting and the cheques or bank transfers raised. These payments will be authorised retrospectively. If more appropriate the details may be shown in the Minutes of the Meeting.
- 5.3 Payments 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 (excluding the Parish Clerk).
- 5.4 Where cheque payments are made, 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.
- 5.5 Where electronic payments are made, confirmations of the payments should be taken to the next Ordinary Meeting of the council and to indicate agreement of the details shown, the signatories shall each sign the payment confirmations.

04/12/2017

## **6. Payment of Accounts**

- 6.1 All payments shall be effected by cheque or online banking or other order drawn on the Council's bankers.
- 6.2 All invoices for payment shall be examined, verified and certified by the Parish Clerk. The Parish 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 Parish Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next meeting of the Council.
- 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 Parish Clerk and RFO certifies that there is no dispute or other reason to delay payment, the Parish 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. 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 all salaries shall be made in accordance with payroll records, contracts and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council and reviewed annually.
- 7.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, shall be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts. Total salary costs including payments for tax, national insurance and pension contributions shall be authorised in arrears at monthly Ordinary Meetings. The Chair, Vice-Chair and Chair of the Finance Committee shall be made aware of any extraordinary payments as soon as they become apparent.

## **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 shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Policy shall be reviewed 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. The terms and conditions of borrowings shall be reviewed at least annually.
- 8.5 All investment certificates and other documents 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 Parish 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 by resolution of Council.
- 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.

04/12/2017

- 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 shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining two but preferably three quotations or estimates from appropriate suppliers, subject to any de-minimis 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 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 £500 (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 exceeding £10,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Parish Clerk shall invite tenders from at least three firms.
- (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) Such invitation to tender shall state the general nature of the intended contract and the Parish Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Parish Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- (e) All sealed tenders shall be opened at the same time on the prescribed date by the Parish Clerk in the presence of at least one member of Council
- (f) If less than three tenders are received for contracts above £10,000 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.
- (g) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 37 and 38 in respect of relationships to, or canvassing of, Members of the Council.
- (h) When it is intended to enter into a contract less than £10,000 in value for the supply of goods or materials, or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Parish Clerk shall obtain 3 quotations (priced descriptions of the proposed supply);

04/12/2017

where the value is below £1,000 the Parish Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply).

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

## **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 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).
- 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 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 in writing by the Council and Parish Clerk to the Contractor, the Council being informed where the final cost is likely to exceed the financial provision.

## **13. Stores and Equipment**

- 13.1 The Parish Clerk shall be responsible for ensuring the care and custody of stores and equipment held by the Council.
- 13.2 Delivery Notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

## **14. Assets, Properties and Estates**

- 14.1 The RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a

04/12/2017

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.

- 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 of tangible movable property does not exceed £250.
- 14.3 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, possibly in conjunction with a health and safety inspection of assets.

## **15. Insurance**

- 15.1 Following the annual risk assessment (in accordance with Financial Regulation 18 below), the Parish Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The Parish Clerk shall ensure that he is aware of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The Parish Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.4 The Parish 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.
- 15.5 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.

## **16. Charities**

- 16.1 Where the Council is sole trustee of a Charitable body the Parish 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 determined by the Charity Commission. The Parish Clerk shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

04/12/2017

## **17. Risk Management**

- 17.1 The Council is responsible for putting in place arrangements for the management of risk. The Parish Clerk shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 17.2 When considering any new activity, the Parish Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## **18. Revision of Financial Regulations**

- 18.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time, at least at the Annual General Meeting. The Parish 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.