

# BLACKMORE, HOOK END & WYATTS GREEN PARISH COUNCIL

## FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its meeting held on 17<sup>th</sup> March 2011, revised in March 2018 and re-adopted by the Council at its meeting held on 15<sup>th</sup> March 2018.

### 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 Council. *Financial regulations must be observed in conjunction with the Council's standing orders and any individual financial regulations relating to contracts.* 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, *for the safe and efficient safeguarding of public money* 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. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO 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, *that the Council is assisted in securing economy, efficiency and effectiveness in the use of its resources* 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 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 shall 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 available from NALC and SLCC and updated from time to time.

### 2. ANNUAL ESTIMATES (BUDGET)

- 2.1. Together with the Council's Policy & Resources Committee and not later than the middle of January each year, the RFO will prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year, 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 annual budgets shall form the basis of financial control for the ensuing year. *(NALC template suggests a THREE year forecast – think that is unnecessary for BPC).*

### 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. *This authority is to be determined by:*  
a) *The full Council for all items over £1,000;*  
b) *A duly delegated committee of the Council for items between £250 up to £1,000 or*  
c) *The Clerk, in conjunction with the Chairman of the Council or Chairman of the appropriate Committee, for items below £250.*  
*Such authority is to be evidenced by a Minute or by an authorisation slip duly signed by the Clerk and where necessary, also by the appropriate Committee Chairman.*
- 3.3. Any expenditure over and above the approved budget may only be incurred with the prior approval of the Council who may authorise the reallocation of unspent and available amounts from other budget headings or from an earmarked reserve as appropriate.
- 3.4. The RFO shall provide the Council with a monthly statement of receipts and payments to date under each of the budget headings, comparing actual expenditure to budget. *The accounting records shall be sufficient to show the Council's transactions and comply with the Accounts and Audit Regulations.*
- 3.5. Subject to a limit of £100 as determined annually at the Council's Annual General Meeting, 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 the expenditure,. The Clerk shall report the action to the Council as soon as practicable thereafter. Where such expenditure exceeds the above limit it may be retrospectively approved by members where the expenditure is of such an urgent nature it cannot be delayed. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.6. Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the 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. *Any request for grant assistance shall be made on the Council's Grant Application form, which shall be reviewed by the appropriate Committee and placed before the Council for consideration and approval.*

#### 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 *and proper practices.* *The accounting records shall in particular contain details of all sums of money received and expended by the Council with supporting documentation and a record of assets and liabilities.*
- 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 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 RFO shall ensure 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.

- 4.5. 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 to the 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 opportunity for inspection of the accounts, books and vouchers and for the display or publication of any Notices and statements of account required by the 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 members any correspondence or report from the Internal or External Auditor, unless the correspondence is of a purely administrative nature.

## 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 Clerk and, together with the relevant invoices, presented to the Council. The detail shall 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 three members of Council.
- 5.4. 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 both the cheque counterfoil and the related invoice.
- 5.5. *Online payments shall be set up by the RFO (as Service Administrator) and authorised by at least two out of three designated members.*

## 6. INSTRUCTIONS FOR MAKING PAYMENTS

- 6.1. *Following the appropriate authorisations, the Council will make safe and efficient arrangements for the making of its payments. All payments shall be effected by cheque, by online transfer or other order drawn on the Council's bankers.*
- 6.2. All invoices raised by suppliers of work or goods supplied to the Parish Council must be addressed to "Blackmore, Hook End & Wyatts Green Parish Council" as the customer and shall be examined, verified and certified by the Clerk. The 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 allocate 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. *Where payments are necessary away from such meetings, details shall be reported to the Council at its next meeting.*
- 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 Clerk and RFO certify that there is no dispute or other reason to delay payment, the 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.
- 6.5. The Clerk may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the Clerk with a claim for reimbursement:

- a) The Clerk shall maintain a petty cash float to be determined by members at their Annual Parish meeting for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
  - b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
  - c) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to the Council under 5.2 above.
- 6.6. If thought appropriate by the Council, payment for utility supplies (energy, telephone, *internet* and water) may be made by variable Direct Debit provided that the instructions are signed by at least two members and any payments are reported to the Council as made
- 6.7. *Payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.*
- 6.8. *Where such internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The bank mandate approved by the Council shall identify a number of Members who will be authorised to approve transactions on those accounts.*
- 6.9. *The Clerk shall be provided with a credit card which may be used for urgent purchases or to pay those suppliers where cheque payments are not accepted. The corporate card shall have a maximum limit as approved by Council and shall be subject to automatic payment in full at each month-end. Single transaction charges to the credit card shall be restricted to £500 unless previously authorised by the Council or relevant Committee Chairman*

## 7. PAYMENT OF SALARIES & EXPENSES

- 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 and the rules of PAYE and National Insurance currently operating and salaries shall be as agreed from time to time by the Council.
- 7.2. Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the *confidential* payroll records (*which records are generally not open to inspection or review (under the Freedom of Information Act 2000 or otherwise)*) and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council meeting.
- 7.3. Members may not claim for reimbursement of travel costs incurred within the Parish. Members travelling out of the Parish on approved duties must travel by the most cost-effective methods that meet the needs of their travel requirements. Reimbursement for the use of Members' private vehicles will be at the rates published from time to time by HM Revenue & Customs. Actual car parking costs shall be reimbursed, with receipts where practicable.
- 7.4. Where Members use public transport to travel to an approved duty, such costs should be claimed at standard rates and with receipts.
- 7.5.

## 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 line with Council policy.
- 8.2. All investments of money under the control of the Council shall be in the name of the Council.
- 8.3. 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. Where relevant, the terms and conditions of borrowings shall be reviewed at least annually.
- 8.4. All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk or 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 Clerk/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 Clerk, liaising with the RFO, shall be responsible for the collection of all accounts due to the Council.
- 9.3. The Council shall 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 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 monies received 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 promptly complete any VAT return that is required. Any repayment claim due in accordance with the VAT Act 1994 section 33 shall be made at least twice-yearly.
- 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 *by the Clerk* for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate. Copies of all orders shall be retained.
- 10.2. 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 three or more quotations or estimates from appropriate suppliers, subject to any provisions in Regulation 11 (1) below.
- 10.3. The Clerk or RFO shall verify the lawful nature of any proposed contract before the issue of any order and in the case of new or infrequent purchases or payments, the Clerk 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, if applicable.
- 10.4. *A member may not issue an official order or make any contract on behalf of 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 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, 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 £250 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of the 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 for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, work or specialist services as are excepted as set out in paragraph a)

- above, the Clerk shall invite tenders from all firms included in the appropriate standing approved list of contractors maintained by the Borough Council.
- c) Between £1,000 and £10,000 the Clerk shall seek to obtain three tenders.
  - d) Between £500 and £1,000 the Clerk shall seek to obtain two tenders.
  - e) Below £500 the Clerk shall act at once, provided the relevant Committee is within its budget.
  - f) 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. Invitations shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post and submitted by a prescribed date.
  - g) The Council shall not be obliged to accept the lowest of any tender, quote or estimate.
  - h) *Where applications are made to waive financial regulations relating to contracts, to enable a price to be negotiated without competition, the reason shall be reported in a recommendation to the Council.*

## 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 Clerk 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 Clerk/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 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 being informed where the final cost is likely to exceed the financial provision.

## 13. ASSETS, PROPERTIES AND ESTATES

- 13.1. The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk 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 each is held in accordance with Accounts and Audit Regulations.
- 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 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.

## 14. INSURANCE

- 14.1. Following the annual risk assessment (per Financial Regulation 15), the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 14.2. The Clerk and the RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it. *Any new risks, properties or assets requiring cover shall be reported to the Council's insurer as soon as practicable.*
- 14.3. 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 the Council at the next available meeting.
- 14.4. All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover a reasonable level of risk exposure as determined from time to time by the Council.

## 15. RISK MANAGEMENT

- 15.1. The Council is responsible for putting in place arrangements for the management of risk. The RFO 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.
- 15.2. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## 16. COMPUTER SECURITY

- 16.1. *Where a computer requires use of a personal identification number (PIN) or password for access to the Council's records, a note shall be made of the PIN/password and shall be handed to and retained by the Chairman of the Council in a sealed dated envelope which may only be opened in the presence of two other members. In the event the envelope has to be opened, the PIN/password shall be changed as soon as practicable. This will not be required for a member's personal computer used only for remote authorisation of bank payments.*
- 16.2. *No employee or Member shall disclose any PIN or password relevant to the working of the Council or its bank accounts, to any person not authorised in writing by the Council.*
- 16.3. *Regular back-up copies of the records on the Council's computer shall be made and shall be stored securely, preferably off site.*
- 16.4. *The Council and any members using computers for the Council's financial business shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used.*

## 17. REVISION OF FINANCIAL REGULATIONS

- 17.1. It shall be 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.