

Little Burstead Parish Council FINANCIAL REGULATIONS

Amended: 13th July 2016 Minute 30/16
Approved: 14th September 2016 Minute 42/16

Little Burstead Parish Council – Financial Regulations

1. GENERAL

a. These financial regulations govern the conduct of financial management by 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 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.

b. 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.

c. The Clerk is the Responsible Financial Officer (RFO) for the Council and these regulations will apply accordingly. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The Clerk 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.

d. The Clerk shall produce financial management information as required by the Council.

e. 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.

f. 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.

2. ANNUAL ESTIMATES (BUDGET)

a. The annual budgets shall form the basis of financial control for the ensuing year.

b. Detailed estimates of all receipts and payments 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 Council.

c. The Council shall review the budget not later than the end of November each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to Basildon Borough Council and shall supply each Councillor with a copy of the approved budget.

3. BUDGETARY CONTROL

- a. The RFO will provide the Council with a quarterly statement of receipts and payments and alert the Council of any risks to exceeding planned expenditure.
- b. The RFO 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, subject to a limit of £200. The RFO shall report the action to the Council as soon as practicable thereafter.
- c. 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 and the expenditure has been approved by the Council, or the requisite borrowing approval has been obtained.
- d. All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

4. ACCOUNTING AND AUDIT

- a. All accounting procedures and financial records of the Council shall be provided by the RFO in accordance with the Accounts and Audit Regulations.
 - b. 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.
 - c. 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.
 - d. The RFO shall ensure that there is adequate and effective system of audit of the Council's accounting, financial and other operations in accordance with proper practices.
 - e. 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 shall be appropriately qualified and independent of the operations of the Council. 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.
 - f. 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.
- a. 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.

1. BANKING ARRANGEMENTS AND CHEQUES

- a. 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.
- b. A list of the payments required, within agenda item 'Finance', prepared by the RFO and, together with the relevant invoices, will be presented to the Council at the regular meetings of the Council. If in order it shall be authorised by a resolution of the Council. The detail to be shown in the Minutes of the Meeting.
- c. Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5, shall be signed by two members of Council.
- d. 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.

2. PAYMENT OF ACCOUNTS

- a. All payments shall be affected by cheque or other order drawn on the Council's bankers.
- b. All invoices for payment 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.
- c. All invoices for payment and claims upon the Council shall be laid before the Council. The RFO shall examine invoices in relation to arithmetic accuracy. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- d. 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 he/she is satisfied that there is no dispute or other reason to delay payment, the RFO may (notwithstanding Para 6.c) 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.

- e. 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 shall be refunded on a regular basis, at least quarterly.

3. PAYMENT OF CLERKS SALARY

The payment of the Clerk's salary shall be agreed by the Council.

4. LOANS AND INVESTMENTS

- a. All borrowings shall be affected in the name of the Council, after obtaining any

necessary borrowing approval. Council shall approve any application for borrowing approval as to terms and purpose. The terms and conditions of borrowings shall be reviewed at least annually.

b. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

5. INCOME

a. The collection of any sums due to the Council shall be the responsibility of the RFO.

b. 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.

c. The Council will review all fees and charges annually, following a report of the RFO.

d. Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

e. All sums received on behalf of the Council shall be banked intact by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency, as the Clerk/ RFO considers necessary.

f. The origin of each receipt shall be entered on the paying-in slip.

g. Personal cheques shall not be cashed out of money held on behalf of the Council.

h. 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 annually coinciding with the financial year end.

6. ORDERS FOR WORK, GOODS AND SERVICES

a. 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.

b. Order books shall be controlled by the RFO.

c. 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.

7. CONTRACTS

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 this regulation need 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 Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of council); and
 - vi. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.
- b. Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 ("the Regulations") which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations¹.
- c. The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)².
- d. 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.
- e. Such invitation 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 that tenders must be addressed to the 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.
- f. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of council.
- g. Any invitation to tender issued under this regulation shall be subject to Standing Orders No: 18 (Financial controls and procurement) and shall refer to the terms of the Bribery Act 2010.

²When it is to enter into a contract of less than £25,000 in value for the supply of goods

¹ The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

² Thresholds currently applicable are: (a) For public supply and public service contracts 209,000 Euros (£164,176)
(b) For public works contracts 5,225,000 Euros (£4,104,394)

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 Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below [£3,000] and above [£100] the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.

h. The council shall not be obliged to accept the lowest or any tender, quote or estimate.

8. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

9.1 Where contracts provide for payment by instalments the Clerk 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.

9.2 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.

9. ASSETS

The RFO shall ensure that an appropriate and accurate Register of Assets 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.

10. INSURANCE

a. Following the annual risk assessment (per Financial Regulation 14.1), the RFO shall affect all insurances and negotiate all claims on the Council's insurers.

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

c. 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.

d. All 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.

11. RISK MANAGEMENT

The Council is responsible for putting in place arrangements for the management of risk. When presenting the annual accounts, the RFO shall submit to the Council an assessment of any risks, which might impact on the Council being able to carry out its duties within the budget. The Council should then quantify the risk and take any necessary action.

12. REVISION OF FINANCIAL REGULATIONS

It shall be the duty of the Council to review the Financial Regulations of the Council annually. The RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirements for a consequential amendment to these financial regulations.

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