FINANCIAL REGULATIONS FOR HAMSEY PARISH COUNCIL- JULY 2015

1. GENERAL

1.1 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.
1.1. The Clerk shall be the responsible financial officer (RFO).
1.2. The responsible financial officer (RFO) under the policy direction of the council shall be responsible for the proper administration of the council's financial affairs.
1.3. The RFO shall be responsible for the production of financial management information.

2. ANNUAL ESTIMATES

2.1. The Council shall formulate the capital programme in accordance with the budget setting procedure.
2.2. Detailed estimates of income and expenditure and receipts and payments, shall be prepared each year by the RFO.
2.3. The Council shall review the estimates and recommend the precept to be levied for the ensuing financial year, at its November meeting, to be ratified no later than the January meeting.
2.4. The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

3. BUDGETARY CONTROL

3.1. Expenditure on the revenue account may be incurred up to the amounts included in each approved budget heading.
3.2. No expenditure may be incurred which cannot be met from the amount provided in the appropriate revenue budget heading unless approved by the council.
3.3. The RFO shall periodically provide the council with a statement of income and expenditure to date under each heading of the approved annual revenue and capital budgets.
3.4. 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, subject to a limit of £250.00.
3.5. The Clerk may, after consultation with the Chairman or Vice Chairman of the council, 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 £1,000.00
3.6. The Clerk shall report the action to the council as soon as practicable thereafter.
3.7. Where expenditure is incurred in accordance with regulation 3.4 or 3.5 above and the sum required cannot be met from savings made elsewhere within the councils approved budget, it shall be subject to the provisions of a supplementary estimate approved by the council.
3.8. Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
3.9. No expenditure shall be incurred in relation to any capital project, no contract entered into or tender accepted involving expenditure on capital account, unless the council is satisfied that it is contained in the rolling capital programme and that the necessary capital funds are available, or the requisite borrowing approval can be obtained. 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 as required by the Accounts and Audit Regulations 2003, and the Accounts and Audit (Amendment) (England) Regulations 2006.
4.2. The RFO shall be responsible for completing the annual accounts of the council as soon as practicable after the end of the financial year and shall submit them to and report thereon to the council and auditors as required. Once approved, the Accounts and Financial Statements shall be signed by the Chairperson and the Clerk.
4.3. The following principles shall be observed in connection with accounting duties.
4.3.1. The duty of providing information, calculating, checking and recording sums due to, and from, the council, should be separated as completely as possible from the duty of collecting or dispersing them.
4.3.2. Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.
4.4The RFO shall be responsible for maintaining an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with regulation 6 of the Accounts and Audit Regulations 2003. 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 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. The council shall review annually the effectiveness

of its system of internal audit and control and make such recommendations as required.

4.5 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.
4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 2003 as amended.
4.7 The RFO shall, as soon as practicable, bring to the attention of all Members any correspondence or report from the auditor.

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 A schedule of the payments required, or already made, shall be prepared by the RFO, minuted and presented to the Council for authorisation.
5.3 Cheques in accordance with the schedule referred to in the paragraph above shall be signed by two Councillors, one of whom should, if possible, be the Chairperson of the 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 the cheque counterfoil.
5.5 The RFO is authorised to make transfers between the Council's bank accounts.

Payment of Accounts
6.1 Payments shall normally be made by cheque; payment by direct debit, standing order or by electronic transfer shall be authorised by the Council in advance.
6.2 All invoices for payment shall be examined, verified and certified. Before certifying an invoice the RFO shall satisfy him/herself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
6.3 The RFO shall examine invoices in relation to arithmetical accuracy and authorisation and shall code them to the appropriate expenditure head. He/she shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
6.4 All payments to be made on duly certified invoices will then be entered on the schedule referred to in 5.2 above.
6.5 Where it is necessary to make a payment before it has been authorised by the Council, (eg to avoid an interest charge under the Late Payment of Commercial Debts (Interest) Act 1998, or to obtain a discount), such payment shall be certified as to its correctness and urgency by the RFO, and shall be included in the next schedule of payments before the Council.

Payment of Salaries and Wages
7.1 The payment of all salaries and wages shall be made by the RFO in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and as agreed by Council.

7.2 Payments 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, provided that each payment is reported to and ratified by the next available Council meeting.

Loans and Investment
8.1 All loans and investments shall be negotiated by the RFO in the name of the Council, and shall be for a set period of time in accordance with Council policy. Changes to loans and investments should be reported to the Finance and Management Committee at the earliest opportunity.

8.2 All investments of money under the control of the Council shall be in the name of the Council and shall be reviewed on a regular basis (at least annually).

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 Council as to terms and purpose.
8.4 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

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 notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts due to the Council.
9.3 The Council will review all fees and charges biennially, following a report of the RFO.
9.4 Any bad debts shall be reported to the council; any such debts found to be irrecoverable may be written off, guided by the recommendations of the RFO, and with the approval of Council.
9.5 All sums received on behalf of the Council shall be paid to the RFO for banking. In all cases all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
9.6 A reference to the related invoice, or otherwise, indicating the origin of each cheque, 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 complete any VAT return that is required promptly. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made within the appropriate time scales.

10.ORDERS FOR WORK, GOODS AND SERVICES

10.1An 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 issued shall be maintained.

10.2 Order books shall be controlled by the RFO

10.3 All officers are responsible for obtaining best value 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 cash transaction.

11. CONTRACTS

11.1 Procedures as to contracts are laid down in the Council's Standing Orders (10.1 – 10.9) as follows:
Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than by direction of the Council or 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 Chairperson and Vice Chairperson 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.
11.2 Where it is intended to enter into a contract exceeding £5,000 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 11.1 (i) – (vi) above, the Clerk shall either invite tenders from at least three firms to be taken from the appropriate approved list (if maintained) or from firms known to the Council; or, on resolution by the Council or its Committees, the Clerk shall give at least three weeks' public notice of such intention in the same manner as public notice of meetings of the Council, or shall advertise the Council's invitation to tender in such newspapers as the Council shall direct.

11.3 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.

11.4 Such invitation, or notice or advertisement, 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 name and address with whom tenders should be lodged and the last date by which tenders should be received. Where the value of the contract is expected to exceed £5,000, prospective tenderers shall be issued with a return envelope identifying the content as a tender. On receipt of a returned tender, the Clerk shall record the date of receipt on the envelope and retain it unopened.

11.5 All tenders received in accordance with the above regulation shall be opened at the same time in the presence of at least one officer and one Member. The details shall be reported to the Council or the appropriate Committee. After consideration, the minutes shall record: a) the name of the successful tenderer. b) the reason for accepting a tender other than the lowest, where appropriate.
11.6 Neither the Council nor any Committee, or sub-committee is bound to accept the lowest tender.
11.7 If less than three tenders are received or if all the tenders are identical, the Council may make such arrangements for procuring the goods or materials or executing the work as it thinks fit.

11.8 Any invitation to tender issued under these regulations shall contain a statement of the effect of Standing Orders set out under Canvassing and recommendations of members. (Note: if canvassed in any way, Members need to declare such if present during any consideration of tenders.)
11.9 When it is intended to enter into a contract for expenditure less than £5,000 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 specialists services as are excepted as set out in regulation 11.1 (i) – (vi) above, the Clerk shall obtain three quotations; where the value is below £1,500 and above £100 the Clerk shall strive to obtain three estimates; otherwise regulation 10.3 above shall apply.

12. Payment 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; contracts which exceed the expected timescale for the work may be subject to a financial penalty being imposed.
12.3 Any variation to a contract, or addition to, or omission from, must be approved by the Council and Clerk to the Contractor in writing; the appropriate Committee being informed where the final cost is likely to exceed the financial provision.
12.4 Authority to enter into a contract for the purpose of conducting emergency repairs is delegated as follows:

iTo the Clerk for an amount as stated in the Financial Regulations document

ii.To the Clerk in consultation with the Chairman or Vice-Chairman of the Parish Council for sums as stated in the Financial Regulations document

Stores and Equipment
13.1 Delivery notes must be obtained in respect of all goods received into store and goods must be checked as regards quality at the time of delivery.
13.2 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
13.3 The RFO shall be responsible for an annual check of all stocks and stores.

Assets and Liabilities
14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties or other assets owned by the Council. The RFO shall ensure a record is maintained of all such assets 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 5(3)(b) of the Accounts and Audit Regulations 2003.

14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, save where the estimated value of any one item does not exceed £50.

Insurance
15.1 Following an annual risk assessment the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
15.2 Prompt notification shall be given to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
15.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
15.4 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 the Finance and Management Committee as soon as practicable.
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.

Risk Management
16.1 The RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
16.2 When considering any new activity the Clerk shall prepare a draft Risk Management policy for the activity, which addresses the legal and financial liabilities and Risk Management issues which arise. This must be placed before the Council for consideration and if thought appropriate, so adopted by the Council.

Revision of Financial Regulations
17.1 It shall be the duty of the council to review the Financial Regulations at least every year, to make such changes as required.