



# **Kings Worthy Parish Council**

## Financial Regulations

## **1. GENERAL**

- 1.1 These financial regulations shall govern the conduct of the financial transactions of the Parish Council and may only be amended or varied by resolution of the Parish Council.
- 1.2 The Responsible Financial Officer (RFO) shall be the Clerk.
- 1.3 The RFO shall, under the direction of the Finance Committee, be responsible for the proper administration of the Parish Council's financial affairs.
- 1.4 The RFO shall be responsible for the production of the financial management information.
- 1.5 In respect of the annual salary for any employee have regard to recommendations about annual salaries of employees made by the relevant committee in accordance with its terms of reference.

## **2. ANNUAL ESTIMATES**

- 2.1 Each committee shall formulate and submit initial proposals to the Finance Committee in respect of revenue services and capital projects for inclusion in the rolling capital programme not later than the end of November each year.
- 2.2 Detailed estimates of income and expenditure on revenue services and of capital expenditure shall be prepared each year by the RFO.
- 2.3 The Finance Committee shall review the estimates and submit them to the Parish Council not later than the end of January in each year (depending on the deadline laid down by the district authority responsible for collecting the precept) and shall recommend the precept to be levied for the ensuing financial year. The RFO shall present each member with a copy of the approved estimates.
- 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 committee budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate committee revenue budget unless a virement (moving balance from one budget to another) has been approved by the Finance Committee or the Parish Council.
- 3.3 The RFO shall at each meeting of the Finance Committee provide its members with a financial statement to the end of the previous month together with a cash flow report and a budget report under each head of the approved annual revenue and capital budgets.

- 3.4 The Clerk may incur expenditure on behalf of the Parish Council up to a limit of £200.00 for any single item of expenditure without approval by the Finance committee. This expenditure will be included in the monthly payment listing as laid out in Regulation 5.3 below.
- 3.5 The Clerk may incur expenditure on behalf of the Parish 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. The Clerk shall endeavour to obtain the approval of the Chairman and Vice Chairman of the Parish Council prior to taking action and failing this being possible shall report the action to the Chairman and Vice Chairman of the Parish Council as soon as practicable thereafter.
- 3.6 The Clerk may incur expenditure on behalf of the Parish 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 £2,500 and informal agreement by a majority of the Council. This shall be reported back to Full Council for ratification as soon as practicable thereafter.
- 3.7 Where expenditure is incurred in accordance with Regulation 3.5 & 3.6 above and the sum required cannot be met from savings elsewhere within the head of the approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Finance Committee or the Parish Council.
- 3.8 Unspent provisions in the revenue budget shall not automatically be carried forward to a subsequent year.
- 3.9 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the committee concerned 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.
- 3.10 All capital works shall be administered in accordance with the Parish Council's Standing Orders and Financial Regulations relating to contracts.

#### **4. ACCOUNTING AND AUDIT**

- 4.1 All accounting procedures and financial records of the Parish Council shall be adhered to by the RFO as required by the Local Audit and Accountability Act 2014.
- 4.2 The RFO shall be responsible for completing the annual accounts of the Parish Council as soon as practicable after the end of the financial year and shall submit them to and report thereon to the Finance Committee.

- 4.3 The RFO shall be responsible for maintaining an adequate and effective system of internal audit of the Parish Council's accounting, financial and other operations in accordance with Regulation 5 of the Local Audit and Accountability Act 2014.
- 4.4 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 An Internal Auditor, who shall be competent and independent of the operations of the Council, shall be appointed by the Council. The Internal Auditor will report to the Council in writing as required.
- 4.6 For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 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 nature.
- 4.8 On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman of Council and/or committee, (or a cheque signatory) 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 (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council's Finance Committee.

## **5. BANKING ARRANGEMENTS AND CHEQUES**

- 5.1 The Parish Council's banking arrangements shall be recommended by the RFO for approval by the Finance Committee and ratified by full council. One general current account shall be maintained at the bank. Banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
- 5.2 The administrator of the Council's internet banking service shall be the Clerk /RFO, and the approved bank mandate will stipulate the Councillors authorised to approve transactions on those accounts. This mandate will be kept under regular review for all Council bank accounts.
- 5.3 A schedule of the payment of money shall be prepared by the RFO and together with the relevant invoices (upon request), be presented to the Finance Committee or Parish Council as appropriate. If the schedule is in order the payment shall be generated by the Clerk, or Deputy Clerk, and authorised by two signatories.

- 5.4 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.
- 5.5 Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 5.6 The Clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
- 5.6.1 A. If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, or require payment under either the regulation 113 of the Public Contracts Regulations 2015, or 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, provided that a list of such payments shall be submitted to the next appropriate meeting of the Finance committee.
- 5.6.2 Fund transfers within the councils banking arrangements to ensure sufficient funds are available to meet the council's payment obligations. These transfers will be included on the Council's management account report.
- 5.7 Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee shall be signed by [one] two member[s] of council, and created by the Clerk, in accordance with a resolution instructing that payment. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.
- 5.8 Cheques or orders for payment shall not normally be presented for signature other than at a council or committee meeting (including immediately before or after such a meeting). Any payments made from such meetings (and in accordance with 5.6.1, shall be reported to the Finance Committee at the next convenient meeting.
- 5.9 Changes to account details for suppliers, which are used for internet banking may only be changed on written notification by the supplier and supported by hard copy authority for change signed by the Clerk/RFO. A programme of regular checks of standing data with suppliers will be followed.
- 5.10 A prepaid debit card will be made available for each Clerk and include sufficient funds to meet the regular payments and the Clerks' delegated authority limit (see 3.4). All transactions will be listed on the Council's monthly payment listing and the funds topped up as per the Council's payment authority procedures above.

## 6. PAYMENT OF ACCOUNTS

- 6.1 All payments will be made by cheque, bank transfer or other order drawn on the Parish Council's bankers.
- 6.2 All invoices for payment shall be examined and verified by the RFO and allocated to the appropriate expenditure head. The RFO shall take all possible steps to settle all invoices submitted, and which are in order, according to the terms of the agreed contract.
- 6.3 All verified invoices will then be entered on the schedule referred to in Regulation 5.2 above.

## **7. SALARIES AND WAGES (INC. PAYMENT)**

- 7.1 The salary budgets are to be reviewed at least annually in November for the following financial year and such review shall be evidenced by a hard copy schedule signed by the Clerk and the Chairman of Council or relevant committee. The RFO will inform committees of any changes impacting on their budget requirement for the coming year in good time.
- 7.2 All time sheets shall be verified by or on behalf of the Clerk.
- 7.3 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 payroll records and on the appropriate dates.
- 7.4 Salaries and wages shall be prepared by the external payroll provider and entered on the schedule referred to in Regulation 5.2 above, by the RFO.
- 7.5 No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Finance committee and/or Full Council.

## **8. LOANS AND INVESTMENTS**

- 8.1 All investments shall be undertaken as per the adopted Investment and Reserves policy.
- 8.2 Loans must also be subject to the approval of the full Parish Council.
- 8.3 All investments of money under the control of the Parish Council shall be in the name of the Parish Council.
- 8.4 All borrowings shall be affected in the name of the Parish Council.
- 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 Parish Council shall be the responsibility of and under the supervision of the RFO.
- 9.2 The relevant committees Finance, Administration and Remuneration Committee of the Parish Council will review all fees and charges annually

following a report by the Clerk. A subsequent recommendation will be presented to the Parish Council.

- 9.3 Any bad debts shall be reported to the Finance Committee for appropriate action to be taken.
- 9.4 All sums received on behalf of the Parish Council shall be deposited with the Parish Council's bankers by the RFO at the earliest opportunity.
- 9.5 The RFO shall ensure that any VAT Return that is required is promptly completed. Any repayment claims due in accordance with VAT Act 1994 section 33 shall be made quarterly.

## **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, e.g. postage. Copies of orders issued shall be maintained.
- 10.2 Orders shall be controlled by the RFO.
- 10.3 A member may not issue a purchase order or make any contract on behalf of the Council.
- 10.4 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.

## **11. CONTRACTS**

- 11.1 Wherever practicable, the principle of competitive tendering will be applied.
- 11.2 Notwithstanding the above, where it is intended to enter into a contract:
  - 11.2.1 Exceeding £2,500.00 in value for the supply of goods or materials for the execution of works or specialist services the Clerk shall invite tenders from at least three contractors These will be anonymised, considered by the relevant committee, and sent before Finance, Administration and Remuneration Committee or Parish Council.
  - 11.2.2 For expenditure of £2,500.00 or less in value the Finance Committee shall have executive power. Expenditure above this threshold requires the approval at a full council meeting.
  - 11.2.3 Any contract exceeding £25,000.00 (excluding VAT) must be advertised on the Government's Contract Finder website and subject to the appropriate requirements in The Public Contracts Regulations 2015.
  - 11.2.4 Any contract exceeding the thresholds set out in the above regulations will also be published on the government's Find A Tender website, in addition to the Government's Contract Finder website.

- 11.3 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 always contain the commercial terms and, in addition, state that tenders must be addressed (electronic and post) to the Clerk and the last date by which such tenders shall reach the Clerk in ordinary course of post.
- 11.4 All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of the appointed members acting as a Tender working group, which shall consist of at least 3 members of the Council. Those present shall sign and date a list or document of those tenders received.
- 11.5 If less than three tenders are received for contracts valued between £2,500.00 - £24,999.99, the Parish Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works, the minutes reflecting its reason.
- 11.6 The Parish Council shall not be obliged to accept the lowest and nor shall it be obliged to accept any tender.
- 11.7 Services and Supply contracts should not be extended by more than 100% of the original contract term; or allow the contract to exceed the current thresholds set out under the European Public Contracts Directive.
- 11.8 Should it occur that the council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.

## **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 the authorisation of the Clerk or such other consultants engaged to supervise the contract (subject to any percentage retention 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 when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the appropriate committee.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Clerk or the appropriate consultant in writing, the Finance Committee having approved the action.

## **13. STORES AND EQUIPMENT**



- 13.1 The Clerk and Deputy Clerk shall be responsible for the care and custody of stores and equipment.
- 13.2 All goods received must be visually checked as regard to quality and condition at the time the delivery is made, or at the earliest opportunity after delivery.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operation 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 Clerk shall make appropriate arrangements for the study of all title deeds of properties owned by the Parish Council. The RFO shall ensure a record is maintained of all properties owned by the Parish 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 the requirements of the Accounts and Audit Regulations.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Parish Council, together with any other consents by law, save where the estimated value of any one item does not exceed £500.
- 14.3 The RFO shall ensure an asset register (including appropriate investments) is maintained and the continued existence of tangible assets is reviewed annually.

#### **15.INSURANCE & RISK MANAGEMENT**

- 15.1 Following an annual risk assessment, the RFO shall affect all insurances and negotiate all claims on the Council's insurers. This assessment is approved by the full council on an annual basis.
- 15.2 The Council is responsible for putting in place arrangements for the management of risk. Annually, the RFO shall carry out Risk Assessment and Management, using a robust, proportionate and appropriate method, across all financial activities of the Council. Risk management arrangements shall be reviewed by the Finance committee and Full Council at least annually.
- 15.3 When a new financial activity is considered, the RFO will prepare a draft risk assessment including suitable risk management proposal for consideration and adoption by the Finance committee and full council.
- 15.4 The RFO shall ensure all insurances are in place and negotiate all claims on the Parish Council's insurers.
- 15.5 The RFO shall give prompt notification to the Finance Committee of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.6 The RFO shall keep a record of all insurances affected by the Parish Council and the property and risks covered thereby and annually review it.

- 15.7 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.
- 15.8 All appropriate employees of the Parish Council shall be included in a suitable fidelity guarantee insurance.

## **16.SUSPENSION & REVISION OF FINANCIAL REGULATIONS**

- 16.1 It shall be the duty of the Finance Committee to review the Financial Regulations of the Parish Council from time to time, and at least once per financial year. Any recommendations are to be put before the Parish Council that the committee considers are required.
- 16.2 The council may, by resolution, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of council.