

ALREWAS PARISH COUNCIL

FINANCIAL REGULATIONS

1 GENERAL

1.1 These financial regulations govern the conduct of the financial transactions of the council and may only be amended or varied by resolution of the council.

1.2 The Responsible Financial Officer (RFO), usually also the Clerk, under the policy direction of the council, shall be responsible for the proper administration of the council's affairs.

1.3 The RFO shall be responsible for the production of financial management information sufficient to show and explain the council's transactions and to ensure that any income and expenditure account and statement of balances and additional information prepared for the council comply with the Account and Audit Regulations.

1.4 The council is responsible in law for ensuring that the financial management is adequate and effective and that the council has a sound system of internal controls which facilitates the effective exercise of its functions and which manage risk.

1.5 The council shall review at least once a year the effectiveness of its systems of internal controls and shall produce a statement on internal control with its statement of accounts.

1.6 The council is not empowered by these Regulations or otherwise to delegate certain specified decisions. In particular any decision regarding:

- Setting the final budget or the precept
- Approving accounting statements
- Borrowing
- Writing off bad debts
- Addressing recommendations in any report from the internal or external auditors

shall be a matter for the full council only.

2 ACCOUNTING AND AUDIT

2.1 All accounting procedures and financial records of the council shall be determined by the RFO as required by the Accounts and Audit Regulations, appropriate Guidance and proper practices.

2.2 The bank reconciliation will form part of the monthly financial report.

2.3 The RFO shall complete the annual statement of accounts, annual report and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the

financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.

- 2.4 The council shall ensure there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit and shall, as directed by the council supply the RFO, Internal Auditor or External Auditor with such information and explanation as the council considers necessary for that purpose.
- 2.5 The Internal Auditor shall be appointed by and carry out the work in relation to internal controls 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 on a regular basis with a minimum of one annual report in respect of each financial year.
- 2.6 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books and vouchers and display or publish any notices and statements of account required by the Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 2.7 The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

3 ANNUAL ESTIMATES

- 3.1 Each committee (if any) shall formulate and submit proposals to the council in respect of revenue and capital costs for the following financial year not later than the end of November each year.
- 3.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.
- 3.3 The council shall review the estimates 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 supply each member with a copy of the approved estimates.
- 3.4 The annual budgets shall form the basis of financial control for the ensuing year.

4 BUDGETARY CONTROL

- 4.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 4.2 No expenditure may be incurred which will exceed the amount provided in the revenue budget other than by resolution of the council. The RFO may, with the approval of council, apply a virement between subheads.

- 4.3 The RFO shall provide the council with a monthly statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.
- 4.4 The RFO/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 £500. The RFO/Clerk shall report the action to the council as soon as practicable thereafter.
- 4.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless authorised by a resolution of the council.
- 4.6 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.
- 4.7 All capital works shall be administered in accordance with the council's standing orders and financial regulations relating to contracts.

5 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 reviewed regularly for safety and efficiency.
- 5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO and, together with the relevant invoices, be presented to the council. If the schedule is in order it shall be authorised by a resolution of the council and shall be initialled by the Chair 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 two members of council.
- 5.4 The council will not make use of an overdraft and the RFO will arrange transfers from the savings accounts to ensure that the current account balance does not fall below £1,000.

6 PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by cheque or other order drawn on the council's bankers or by a debit card issued to the RFO.
- 6.2 All invoices for payment shall be examined, verified and certified by the RFO. The RFO shall satisfy themselves 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 RFO shall take all steps to settle all invoices submitted, and which are in order, at the next available council meeting.
- 6.4 If payment is required in advance or an account cannot be set up the Clerk is authorised to use the debit card for amounts not exceeding £500.
- 6.5 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 RFO certifies that there is no dispute or other reason to delay payment, the RFO may (notwithstanding paragraph 6.3) take all steps necessary to settle such invoices provided that a list of payments shall be submitted to the next appropriate meeting of council.
- 6.6 The council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

7 PAYMENT OF SALARIES

- 7.1 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 by 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 payroll records and on the appropriate dates, provided that each payment is reported to and ratified by the next available council meeting.

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's Investment Policy, shall be in accordance with relevant regulations, proper practices and guidance.
- 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.
- 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 collection of all accounts due to the council.
- 9.3 The council will review all fees and charges annually, following a report of the RFO.
- 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.
- 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.
- 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.

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 is to 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 *de minimis* provisions in Regulation 11(h) below.
- 10.4 A member may not issue an official order or make any contract on behalf of the council.
- 10.5 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of the 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.

10.6 No order can be made and paid for on behalf of another organisation not registered for VAT

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 £250 (in excess of this sum the RFO shall act after consultation with the chair and vice chair 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 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 Regulations.
- (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 exceeds thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time).
- (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 RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that the tenders must be addressed to the RFO 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 18d and shall refer to the terms of the Bribery Act 2010.
- (h) When it is intended to enter into a contract for less than £25,000 in value for 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 RFO shall obtain three quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £100 the RFO shall strive to obtain three 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 by the council and RFO to the contractor in writing before any work has begun, the council being informed where the final cost is likely to exceed the financial provision.

13 PROPERTIES AND ESTATES

13.1 The RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the council. The RFO shall ensure a 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.

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 moveable property does not exceed £50.

14 INSURANCE

14.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the council's insurers.

14.2 The RFO shall give prompt notification to the insurers of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

14.3 The RFO shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.

14.4 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 at the next available meeting.

14.5 All appropriate members and 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.

15 RISK MANAGEMENT

15.1 The council is responsible for putting in place arrangements for the management of risk. The RFO shall prepare and promote risk management policy statements in respect of all activities of the council. Risk policy statements and consequential risk management arrangements shall be reviewed at least annually.

15.2 When considering any new activity the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

16 REVISION OF FINANCIAL REGULATIONS

16.1 It shall be the duty of the council to review the Financial Regulations of the council from time to time. The RFO 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.

16.2 The council may, by resolution of the council duly notified prior to the relevant meeting of council, 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.