



COPYTHORNE PARISH COUNCIL

Financial Regulations

**Adopted by Resolution of the Parish Council
on
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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. 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 internal 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.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the council. The Clerk has been appointed as RFO for this 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 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 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.

2. ANNUAL ESTIMATES (BUDGET)

- 2.1 Detailed estimates of all income and expenditure for the year shall be prepared each year by the RFO 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 December each year and shall fix the Precept to be levied for the ensuing financial year no later than the end of January each 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 budget shall form the basis of financial control for the ensuing year.
- 2.4 The Council shall consider the need for and shall have regard to a three-year forecast of Revenue and Capital Receipts and Payments which will be prepared at the same time as the annual Budget.

3 BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included for each approved budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget. Unspent provision may not be carried forward to a subsequent year. During the budget year, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate (virement) by resolution of the council.

- 3.3 The RFO shall quarterly provide the Council with a statement of receipts and payments to date against budget.
- 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 £500, subject to the approval of the chair or vice chair of the council. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5 The Clerk has the delegated authority to incur expenditure on behalf of the Council within budgetary provision, subject to a limit on single items of £150. Expenditure shall be reported to the council with the monthly payment schedule.
- 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.

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.
- 4.2 On a regular basis, at least once each quarter and at each financial year end, the council shall verify bank reconciliations produced by the RFO. The Chair shall sign the reconciliation against the original bank statements as evidence of verification.
- 4.3 The RFO shall complete the annual financial statements of the Council by May after the end of the financial year and shall submit them and report thereon to the Council.
- 4.4 The RFO shall complete the Accounts of the Council contained 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.
- 4.5 The council shall ensure that there is 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 as appears to the council to be necessary for the purpose of 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. 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.
- 4.6 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 Council in writing, or in person, on a regular basis with a minimum of one annual written report in respect of each financial year.

- 4.7 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 Accounts and Audit Regulations.
- 4.8 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.

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, or already made, shall be prepared by the RFO and be presented to Council together with relevant invoices for inspection. Invoices for over £1000 will be verified at the meeting. If the schedule is in order it shall be authorised by a resolution of the Council and initialled by the Chairman of the meeting.
- 5.3 Bank reconciliation and notification of recent bank transactions will be undertaken monthly and presented to council.
- 5.4 The Clerk and RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
- a. 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 the council, where the Clerk and RFO certify that there is no disputer or other reason to delay payment, provided that a list of such payments shall be submitted to the next appropriate meeting of the council.
 - b. Fund transfers within the councils banking arrangements up to the sum of £3,000, provided that a list of such payments shall be submitted to the next appropriate meeting of the council.

6 PAYMENT OF ACCOUNTS

- 6.1 The council will make safe and efficient arrangements for the making of its payments.
- 6.2 Payments, except from petty cash, shall normally be made by cheque or other order drawn on the Council's bankers. This may include direct debits, standing orders, bill payments or other electronic transfers.
- 6.3 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.

- 6.4 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse 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.
- 6.5 Copythorne Parish Council have decided not to provide petty cash to officers/members for the purpose of defraying operational and other expenses.
- 6.6 Following authorisation under Financial Regulation 5 above, the Clerk (RFO) shall give instruction that payment shall be made in accordance with the schedule as presented to council. Cheques shall be signed by two members who are bank signatories; electronic payments will be processed by the RFO and authorised by a member who is a bank signatory.
- 6.7 Where electronic banking arrangements are made with any bank, the Clerk (RFO) shall be appointed as the service administrator.
- 6.8 Changes to account details for suppliers, which are used for internet banking, may only be changed on written notification by the supplier. A programme of regular checks of standing data with suppliers will be followed.

7 PAYMENT OF SALARIES

- 7.1 The payment of all salaries and wages 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 stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council Meeting.

8 LOANS AND INVESTMENTS

- 8.1 All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval and subsequent arrangements for the loan shall be approved by Council.
- 8.2 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 The Council will review all fees and charges annually, following a report of the Clerk.
- 9.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.4 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.
- 9.5 The origin of each receipt shall be entered on the paying-in slip.
- 9.6 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.7 The RFO shall promptly complete any VAT Return that is required. Any repayment claim due shall be made within appropriate time scales.
- 9.8 The Council cannot act as a banker on behalf of a Third Party as it has no legal right to do so.
- 9.9 Only the Clerk should apply on the Council's behalf for funding for Council business. This is to avoid the Council being challenged, being brought into disrepute, or compromising the Council's minor council status.

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 and controlled by the Clerk.
- 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 provisions in Regulation 11 (I) below.

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 £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of 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 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 the terms of the Bribery Act 2010.
 - h When it is to enter into a contract of less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist

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)

services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a) the Clerk or RFO shall endeavour to obtain 3 quotations (priced descriptions of the proposed supply); where the value is below [£10,000] and above [£1,000] the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.2 above shall apply. The Clerk or RFO shall always endeavour to obtain optimum value for the Council on contracts of less than £1,000.

- i The council shall not be obliged to accept the lowest or any tender, quote or estimate.
- j 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 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 Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

13 STORES AND EQUIPMENT

- 13.1 In respect of all goods received into store or otherwise delivered these must be checked as to order and quality at the time delivery is made.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational 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 custody of all title deeds and Land Registry Certificates of property held by the Council and ensure a record is maintained of all properties held 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.
- 14.2 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 £250.
- 14.3 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.

15 INSURANCE

- 15.1 Following the 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 Council at the next available meeting.
- 15.5 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.

16 RISK MANAGEMENT

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

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.