

KILMERSDON PARISH COUNCIL - FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Kilmersdon Parish Council at its Meeting held on 2 November 2015.

1. GENERAL

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. Financial regulations must be observed in conjunction with the council's standing orders¹ and any individual financial regulations relating to contracts.

In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

A breach of these Regulations by an employee is gross misconduct.

Members of Council are expected to follow the instructions within these Regulations and not to entice employees to breach them. Failure to follow instructions within these Regulations brings the office of councillor into disrepute.

The council's accounting control systems must include measures for the timely production of accounts; that provide for the safe and efficient safeguarding of public money; to prevent and detect inaccuracy and fraud; and identifying the duties of officers.

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 throughout these regulations reference to the Clerk will be in the context of RFO. The Clerk, 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 Clerk 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.

In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability for Local Councils - a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

The Clerk shall produce financial management information as required by the council and assist the council to secure economy, efficiency and effectiveness in the use of its resources;

¹ Model standing orders for councils are available in Local Councils Explained © 2013 National Association of Local Councils

The accounting control systems determined by the Clerk shall include:

- procedures to ensure that the financial transactions of the council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
- procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
- procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the council for approval to be written off except with the approval of the Clerk and that the approvals are shown in the accounting records; and measures to ensure that risk is properly managed.

The council is not empowered to delegate certain specified decisions. In particular the following decisions shall be a matter for the full council only:

- setting the final budget or the precept (council tax requirement);
- approving accounting statements;
- approving an annual governance statement;
- borrowing;
- writing off bad debts;
- declaring eligibility for the General Power of Competence; and
- addressing recommendations in any report from the internal or external auditors,

In addition the council must:

- determine and keep under regular review the bank mandate for all council bank accounts;
- approve any grant or a single commitment
- 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.

The accounting records determined by the Clerk shall be sufficient to show and explain the council's transactions and to enable the Clerk to ensure that any record of receipts and payments; statement of balances, and additional information, or management information prepared for the council comply with the Accounts and Audit Regulations².

The accounting records determined by the Clerk shall in particular contain:

- entries from day to day of all sums of money received and expended by the council and the matters to which the income and expenditure or receipts and payments account relate;
- a record of the assets and liabilities of the council; and
- any record of the council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

² Accounts and Audit (England) Regulations 2011/817

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.

2. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING

The Clerk must each year, by no later than December prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the council.

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. The Clerk shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.

The approved annual budget shall form the basis of financial control for the ensuing year.

3 BUDGETARY CONTROL AND AUTHORITY TO SPEND

Expenditure on revenue items may be authorised up to the amounts included for that class of expenditure in the approved budget. No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure.

During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve ('virement').

The Clerk shall provide the Council at the end of each financial quarter with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate data against that planned as shown in the budget.

The Clerk, in conjunction with the Chairman, may incur expenditure, subject to a limit of £250, on behalf of the Council when it 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,. The Clerk shall report the action to the Council as soon as practicable thereafter; such authority is to be evidenced by a minute

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.

The salary budgets are to be reviewed at least annually in October 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. The Clerk will inform committees of any changes impacting on their budget requirement for the coming year in good time.

All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

The Clerk shall twice yearly provide the council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the

appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial half year and shall show explanations of material variances. For this purpose “material” shall be in excess of 15% of the budget.

Changes in earmarked reserves shall be approved by council as part of the budgetary control process.

4. ACCOUNTING AND AUDIT

The Clerk shall complete the annual financial statements and related documents 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.

The Clerk 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.

The council shall ensure that 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 are necessary for the purpose of the audit and shall, as directed by the council, supply the Clerk, internal auditor, or external auditor with such information and explanation as the council considers necessary for that purpose.

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 during of each financial year. 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.

Internal or external auditors may not under any circumstances perform any operational duties for the council; initiate or approve accounting transactions, or direct the activities of any council employee, unless that such employees have been appropriately assigned to assist the internal auditor.

The Clerk 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 Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.

The Clerk shall, without delay, 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 AUTHORISATION OF PAYMENTS

The Council's banking arrangements, including the Bank Mandate, shall be made by the Clerk and approved by the Council. They shall be reviewed annually for efficiency.

A schedule of the payments required, forming part of the Agenda for the Meeting, may be prepared by the Clerk and, together with the relevant invoices, be presented to Council. The detail may be shown in the Minutes of the Meeting. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.

Cheques or orders for payment, including electronic payments, drawn on the bank account in accordance with the schedule as presented to council shall be signed by two members of council, and may be countersigned by the Clerk.

To indicate agreement of the details shown on the cheque or order for payment with the counterfoil/ list of electronic payments and the invoice or similar documentation, the signatories shall each also initial the invoice and cheque counterfoil/list of electronic payments.

6 INSTRUCTIONS FOR THE MAKING OF PAYMENTS

All payments shall be effected by electronic payment, cheque or other instruction drawn on the Council's bankers.

All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall ensure that the work, goods or services, to which the invoice relates shall have been received, carried out, examined and approved.

The Clerk 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.

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, (for example for postage or minor stationery items) shall be refunded quarterly.

If a member who is also a bank signatory has declared a disclosable pecuniary interest, or has any other interest, in the matter in respect of which the payment is being made, that councillor shall be required to consider Standing Orders, and thereby determine whether it is appropriate and / or permissible to be a signatory to the transaction in question.

The council will make safe and efficient arrangements for the making of its payments.

Lists of electronic payments, cheques or orders for payment shall be presented for signature at a council meeting). Any signatures obtained away from such meetings (including immediately before or after such a meeting) shall be reported to the council at the next convenient meeting.

If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable direct debit provided that the instructions are signed by two members and any payments are reported to council as made. The approval of the use of a variable direct debit shall be renewed by resolution of the council at least every two years.

7 PAYMENT OF SALARIES

As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The

payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by council, or duly delegated committee.

Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available council meeting, as set out in these regulations above.

No changes shall be made to any employee's pay, emoluments, or terms and conditions of employment without the prior consent of the council.

The total of such payments in each calendar quarter shall be reported with all other payments as made as may be required under these Financial Regulations, to ensure that only payments due for the period have actually been paid.

An effective system of personal performance management should be maintained for the senior officers.

Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.

Before employing interim staff the council must consider a full business case.

8 LOANS AND INVESTMENTS

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.

The council shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Policy shall be reviewed at least annually.

All investments of money under the control of the Council shall be in the name of the Council.

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. The terms and conditions of borrowings shall be reviewed at least annually.

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

9 INCOME

The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Clerk.

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 Clerk who shall be responsible for the collection of all accounts due to the Council.

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

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

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

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

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

The Clerk 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, subject to HMRC's minimum claim of £100.

Where any significant sums of cash are regularly received by the Council, the Clerk shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10 ORDERS FOR WORK, GOODS AND SERVICES

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.

Order books shall be controlled by the Clerk.

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.

The Clerk 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 Clerk shall report the statutory power to the meeting at which the order is approved. The Minutes shall record the power being used.

A member may not issue an official order or make any contract on behalf of the council.

The Clerk 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.

11 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 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 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 it is intended to enter into a contract exceeding £1,000 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 paragraph (a), the Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.

(c) 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.

(d) 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.

(e) 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.

(f) If less than three tenders are received for contracts above £1,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.

(g) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

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.

The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

12 ASSETS, PROPERTIES AND ESTATES

The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk 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.

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 £50.

No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law, In each case a report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

No real property (interests in land) shall be purchased or acquired without the authority of the full council. In each case a report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

Subject only to the limit set above, no tangible moveable property shall be purchased or acquired without the authority of the full council. In each case a report in writing shall be provided to council with a full business case.

The Clerk 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.

13 INSURANCE

Following the annual risk assessment, the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.

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

The Clerk 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.

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.

14 RISK MANAGEMENT

The council is responsible for putting in place arrangements for the management of risk. The Clerk 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.

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

15 REVISION OF FINANCIAL REGULATIONS

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.

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.

Amendment Summary

Issue No.	Date	Description
	1 January 2004	Initial draft from Model form
Draft 1, Issue 1	8th May 2006	First formal draft following review by parish councillors
New	2014	Revised draft from Model form
Draft 1, Issue 1	July 2015	Formal draft following review by parish councillors
Draft 1, Issue 2	September 2015	Second draft following review by parish councillors.
Draft 1, Issue 3	October 2015	Final draft following review by parish councillors.

Review History	
Reviewed by the Parish Council, no changes	21/5/18
Reviewed by the Parish Council, no	20/5/19

changes	
Reviewed by PC with changes as minuted	16/12/19
Reviewed by the Parish Council, no changes	16/5/22
Date of next review	May 2023