

UPLYME PARISH COUNCIL - FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its Meeting held on 12/11/2014.

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), 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.
- 1.4 The Council shall be responsible for ensuring that the financial management is adequate and effective and that the Council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk.
- 1.5 The Council shall review at least once a year, prior to approving the Annual Governance Statement, the effectiveness of its systems of internal controls.
- 1.6 A breach of these Regulations by an employee is gross misconduct.
- 1.7 The following decisions shall be a matter for the full Council only:
 - approving the final budget or the precept (Council Tax Requirement);
 - approving accounting statements;
 - approving an annual governance statement;
 - borrowing;
 - writing off bad debts;
 - addressing recommendations in any report from the internal or external auditors,
- 1.8 The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the Council. The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly.

2 BUDGET AND PRECEPT

- 2.1 The RFO shall collate all applications for grants, and estimates from committees of expected expenditure for the next financial year, not later than the end of November each year. The Council shall review and approve the proposed sums if deemed appropriate.
- 2.2 The RFO in consultation with the Finance Committee shall produce accounts for the current financial year to date, and estimates to the end of the current year.
- 2.3 The RFO in consultation with the Finance Committee shall produce a budget using detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year not later than the end of December each year.

2.4 The Council shall review and approve the estimates not later than the end of January each year and shall fix the Precept to be levied for the next financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.

2.5 The approved budgets shall form the basis of financial control for the ensuing year.

3 BUDGETARY CONTROL

3.1 Expenditure may be incurred up to the amounts included in the approved budget.

3.2 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each heading of the budget, comparing actual expenditure against that planned.

3.3 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work whether or not there is any budgetary provision which is of such extreme urgency that it must be done at once, subject to a limit of £500. The Clerk shall report the action to the Council as soon as practicable thereafter.

3.4 Unspent provisions in the budget for completed projects shall not be carried forward to a subsequent year.

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

4 ACCOUNTING AND AUDIT

4.1 All accounting and audit procedures and financial records of the Council shall be determined by the RFO as required by current legislation and good practice.

4.2 The RFO shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.

4.3 The Council shall be responsible for ensuring that there is adequate and effective system of internal audit of accounting, financial and other operations in accordance with current legislation.

4.4 The Council shall carry out a review of the effectiveness of internal audit on an annual basis in accordance with current legislation.

4.5 The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing with a minimum of one annual report in respect of each financial year.

4.6 On a monthly basis, a member other than the Chairman appointed by the Council shall verify bank reconciliations and invoices for payment produced by the RFO. The member shall initial a log as evidence of verification. This activity shall on conclusion be reported (including any exceptions) to and noted by the Council.

4.7 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, except to the extent that such employees have been appropriately assigned to assist the internal auditor.

4.8 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 required by current legislation.

4.9 The RFO shall, without undue delay, bring to the attention of all Councillors any correspondence or report from internal or external auditors.

5 BANKING ARRANGEMENTS AND CHEQUES

5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council.

5.2 A schedule of current 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 Council. The Council shall review the schedule and authorise payment by resolution.

5.3 Cheques drawn on the bank account shall be signed in accordance with current legislation.

6 PAYMENT OF ACCOUNTS

6.1 All invoices for payment shall be examined, and verified by the RFO ~~Clerk~~. The Council shall satisfy itself that the work, goods or services to which the invoice relates have been received/carried out, examined and represents expenditure previously approved by the Council.

6.2 The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available Council meeting.

6.3 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 or suspension of service, and 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 Council;
- b) An expenditure item authorised under 6.4 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of Council

6.4 For each financial year the Clerk and RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation provided that a list of such payments shall be submitted to the next appropriate meeting of Council.

- 6.5 Members are subject to the Code of Conduct that has been adopted by the Council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.

7 INSTRUCTIONS FOR THE MAKING OF PAYMENTS

- 7.1 All payments shall be effected by cheque or other instructions to the Council's bankers, or otherwise, in accordance with a resolution of Council.
- 7.2 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 two members of Council in accordance with a resolution instructing that payment. 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.
- 7.3 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.
- 7.4 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 signatures obtained away from such meetings shall be reported to the Council at the next convenient meeting.
- 7.5 Payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment. Until provision for electronic authorisation is possible, two members to reply by email to Clerk's request for such.
- 7.6 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk [or RFO] (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

8 INCOME

- 8.1 The collection of all sums due to the Council shall be the responsibility of the RFO.
- 8.2 Particulars of all charges to be made for services rendered shall be reviewed regularly by the Council and notified to the RFO.
- 8.3 The Council shall review all fees and charges regularly, following a report of the Clerk.
- 8.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 8.5 All sums received on behalf of the Council shall be banked intact as directed by the RFO with such frequency as he/she considers necessary. The origin of each receipt shall be entered on the paying-in slip.

- 8.6 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 as soon as possible after the financial year end.

9 ORDERS FOR WORK, GOODS AND SERVICES

- 9.1 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 for two years.
- 9.2 A member may not issue an official order or make any contract on behalf of the Council.
- 9.3 All members and Officers are responsible for obtaining value for money at all times. It shall be ensured as far as is reasonable and practicable that the best available terms be obtained in respect of each transaction, ideally by obtaining three quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 10.1 below.
- 9.4 The RFO 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.

10 CONTRACTS

- 10.1 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 this regulation need not apply to contracts which relate to items (i) to (vii) 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, or
 - vii. where the effort involved in determining the best price for commonly-available goods is clearly disproportionate to the possible cost savings.
 - b. The Council's grounds maintenance contract shall be put out to informal tender not later than mid-January of each year in which the contract falls due for renewal. The tenders shall be opened at the same time after the closing date by the Clerk in the presence of at least one member of Council.

- c. When it is intended to enter into a contract of more than £1,000 in value, the Clerk shall obtain three quotations (priced descriptions of the proposed supply); the supplier to be selected by the Council.
- d. When it is intended to enter into a contract between £100 and £1,000 in value, the Clerk shall try to obtain three estimates; the supplier to be selected by the Council.
- e. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

11 ASSETS, PROPERTIES AND ESTATES

- 11.1 The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The RFO shall ensure a record is maintained of all properties held by the Council, recording the location.
- 11.2 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).
- 11.3 The RFO shall ensure that an appropriate and accurate Register of Assets is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.

12 INSURANCE

- 12.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 12.2 The RFO shall record all new risks, properties or assets which require to be insured and of any alterations affecting existing insurances.
- 12.3 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.
- 12.4 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.

13 RISK MANAGEMENT

- 13.1 The Clerk shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements shall be reviewed by the Council regularly.
- 13.2 All appropriate members and employees of the Council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council, or duly delegated committee.

14 REVISION OF FINANCIAL REGULATIONS

- 14.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time.