

These Financial Regulations were first adopted by the Parish Council ("PC") on August 1st 2012.

## 1. GENERAL

1.1 These financial regulations govern the conduct of financial management by the PC and may only be amended or varied by a resolution of the PC. The PC is responsible in law for ensuring that its financial management is satisfactory and that it has proper financial control which allows it to carry out its responsibilities, including the management of risk and the prevention or detection of fraud and corruption.

1.2 The Clerk, acting as the Responsible Financial Officer, under the policy direction of the PC, shall administer the PC's financial affairs in accordance with proper practices. The Clerk shall determine on behalf of the PC 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 PC are maintained in accordance with proper practices.

1.3 The Clerk shall produce financial management information on a quarterly basis, as a minimum.

1.4 At least once a year, prior to approving the Annual Return, the PC shall review the effectiveness of its financial control which shall be in accordance with proper practices.

1.5 In these financial regulations, references to the Accounts and Audit Regulations shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998 as then in force.

1.6 In these financial regulations the term "proper practice" or "proper practices" shall refer to guidance issued in Governance and Accountability in Local PCs in England and Wales - a Practitioners' Guide which is published jointly by NALC and SLCC and updated from time to time.

## 2. ANNUAL BUDGET

2.1 Detailed estimates of all receipts and payments shall be prepared each year by the Clerk in the form of an annual budget to be considered by the PC.

2.2 The PC shall review the budget not later than the end of November of the previous financial year and shall fix the Precept to be levied for the ensuing financial year. The Clerk shall issue the Precept to the relevant local 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.

## 3. BUDGETARY CONTROLS

3.1 The Clerk shall regularly provide the PC with a statement of receipts and expenditure under each budget item, comparing actual expenditure to that planned in the budget.

3.2 The Clerk, subject to the agreement of two councillors, may incur expenditure on behalf of the PC 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 £250 net of VAT. The Clerk shall report the action to the PC as soon as practicable thereafter.

3.3 Unspent provisions in the budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the PC.

3.4 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the PC is satisfied that the necessary funds are available, or the requisite loan approval has been obtained.

3.5 All capital works shall be administered in accordance with the PC's Standing Orders and Financial Regulations.

## 4. ACCOUNTING AND AUDIT

4.1 All accounting procedures and financial records of the PC shall be defined by the Clerk in accordance with the Accounts and Audit Regulations.

4.2 The Clerk shall complete the annual financial statements of the PC, including the Annual Return and submit them to the PC at a date which allows compliance with para 4.3.

4.3 The Clerk shall submit the Annual Return for approval and authorisation by the External Auditor within the timescales set by the Accounts and Audit Regulations.

4.4 The Clerk shall ensure that there is an adequate and effective system of internal audit of the PC's accounting, financial and other operations in accordance with proper practices. Any officer or member of the PC shall, if the Clerk or Internal Auditor requires, make available such documents of the PC which appear to the Clerk or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the Clerk or Internal Auditor with such information and explanation as the Clerk or Internal Auditor considers necessary for that purpose.

4.5 The Internal Auditor shall be appointed by and shall carry out the work required by the PC in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the PC, shall provide a minimum of one annual written each financial year.

4.6 The Clerk shall allow inspection of the accounts and display any notices and statements of account required by the Audit Commission Act 1998 and the Accounts and Audit Regulations.

4.7 The Clerk shall, as soon as is reasonable, bring to the attention of councillors any correspondence or reports from the Internal or External Auditor, unless they are of a purely administrative nature.

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

5.1 The PC's banking arrangements, including the Bank Mandate, shall be defined by the Clerk and approved by the PC. They shall be regularly reviewed by the PC for efficiency.

5.2 All invoices for payment shall be presented to the PC by the Clerk with the detail being shown in the minutes of the meeting.

5.3 Cheques drawn on the bank account shall be signed by two members of the PC.

5.4 To indicate agreement of the details shown on the cheque with those on the counterfoil, the signatories shall each also initial the counterfoil.

## **6. PAYMENT OF ACCOUNTS**

6.1 All payments shall be made by cheque or other order drawn on the PC's bankers.

6.2 All invoices for payment shall be examined and verified by the Clerk.

6.3 The Clerk shall allocate invoices to the appropriate expenditure heading. The Clerk shall take all steps to settle all verified invoices at the next PC meeting.

6.4 If a verified payment is required before the next scheduled meeting of the PC, the Clerk may (notwithstanding para 6.3) settle such invoices provided that details of any such payment shall be submitted to the next PC meeting.

6.5 The PC will not maintain a cash float; all cash received must be banked intact. Any cash expenditure by the Clerk shall be refunded by the PC on a regular basis, at least quarterly.

## **7. PAYMENT OF SALARIES**

7.1 The PC shall fully meet the currently operating statutory requirements placed on all employers by PAYE and National Insurance legislation.

## **8. LOANS AND INVESTMENTS**

8.1 All loans to the PC and investments made by the PC shall be negotiated and held in the name of the PC and be for a set period in accordance with PC policy.

8.2 All loan and investment documents shall be retained in the custody of the Clerk.

## **9. INCOME**

9.1 The collection of all amounts due to the PC shall be the responsibility of the Clerk.

9.2 The PC will review all its fees annually, following a report produced by the Clerk.

9.3 Any bad debts shall be reported to the PC by the Clerk and written off in the current financial year.

9.4 All sums received on behalf of the PC shall be banked by the Clerk within 30 days of receipt.

9.5 The origin of each sum received shall be entered on the paying-in slip.

9.6 The Clerk shall appropriately complete any required VAT return.

9.7 Where any significant sums of cash are received by the PC, the Clerk shall ensure that more than one person is present when the cash is counted in the first instance.

## **10. ORDERS FOR WORK, GOODS AND SERVICES**

10.1 An official order 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 all official orders and formal contracts shall be retained.

10.2 The PC is responsible for obtaining value for money at all times. The Clerk shall ensure as far as is reasonable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more supplier quotations or estimates.

10.3 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 ensure that the minutes record the power being used.

## **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, other than in an emergency, provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:

- (i) for expenditures of up to £100 net of VAT
- (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 PC;
- (v) for additional audit work of the External Auditor up to the value of £50.
- (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 £250 in value for the supply of goods or materials or for the execution of works or specialist services other than those excepted as set out in para (a) the Clerk shall invite quotations or estimates from at least three suppliers.

(c) Every such invitation to quote shall state the nature of the intended contract and the Clerk shall obtain any necessary technical assistance to prepare a specification.

(d) If less than three quotations or estimates are received for contracts above £100, or if all the quotations or estimates are identical, the PC may decide as it sees fit how to make its decision.

(e) The PC is not obliged to accept the lowest quotation or estimate.

## **12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

12.1 Payments on account of the contract sum shall be made by the Clerk upon receipt of appropriate documentation provided as per contract terms.

12.2 Where contracts provide for payment by instalments, the Clerk 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 by 5% or more, a report shall be submitted to the PC for its consideration.

12.3 Any variation to a contract or addition to or omission from a contract must be approved by the PC and advised by the Clerk to the Contractor in writing.

## **14. ASSETS AND PROPERTIES**

14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the PC and shall ensure an appropriate record is maintained of all properties owned by the PC.

14.2 The Clerk will keep an accurate Register of Assets and Investments.

## **15. INSURANCE**

15.1 Following the annual risk assessment (Para 17), the Clerk shall effect all insurances and negotiate all claims on the PC's insurers.

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

15.3 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 the PC at its next meeting.

15.4 All appropriate employees of the PC shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the PC.

## **17. RISK MANAGEMENT**

17.1 The PC is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by the PC, risk management statements in respect of all activities of the PC. Risk management statements shall be reviewed by the PC at least annually.

17.2 When considering any new activity, the Clerk shall prepare a draft risk management statement for consideration by the PC.

## **18. REVISION OF FINANCIAL REGULATIONS**

18.1 It shall be the duty of the PC to review the Financial Regulations of the PC from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the PC of any requirement for a consequential amendment to these regulations.

D M Parr  
1<sup>st</sup> August 2012