

Re confirmed at meeting of AGM 8 May 2017

**CHALE PARISH COUNCIL
FINANCIAL REGULATIONS
2017**

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CHALE PARISH COUNCIL

FINANCIAL REGULATIONS

1. GENERAL

- 1.1 These financial regulations govern the conduct of financial management by the Chale Parish Council and may only be amended or varied by resolution of the Council.
- 1.2 The Responsible Financial Officer (RFO) shall be appointed by the Council. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices.
- 1.3 The RFO shall produce financial management information as required by the Council.
- 1.4 Prior to approving the annual return, the Council shall conduct a review of the effectiveness of its system of internal control and of these financial regulations, which shall be in accordance with proper practices. The Clerk shall monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations. The review will take place at the Council's **March** meeting.

2. ANNUAL BUDGET

- 2.1 The RFO shall prepare an annual budget not later than the end of December to be considered by the Council.
- 2.2 The Council shall review the budget 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 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.

3 BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure.
- 3.3 The RFO shall provide the Council with a statement of receipts and payments to date at each monthly meeting.
- 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 **£100**. Should the urgent necessary work fall within the budget limit of **£100 - £1,000**, the Clerk may, in consultation with the Chairman/Vice Chairman and

two councillors incur this expenditure on behalf of the Council, whether or not there is any budgetary provision for the expenditure. The Clerk shall report the action to the Council **within 28 days**

- 3.5 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.
- 3.6 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 Audit Commission Act 1998, Sections 15 and 16 and The Accounts and Audit (England) Regulations 2011 (SI 2011 No 817) or other statutory instrument which may supersede those regulations.
- 4.2 The RFO shall complete the annual financial statements of the Council, including the Council's annual return by the statutory date of the **30th June** and shall submit them for approval to the Council no later than the **June** meeting.
- The annual return is in four sections:
 - The accounts
 - The statement of assurance
 - The external auditor's certificate and opinion
 - The internal audit's report
- 4.3 The RFO shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices
- 4.4 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, shall be *competent* and *independent* of the operations of the Council, and shall report to the Council in writing, or in person, on a regular basis, with **a minimum of one annual written report** in respect 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.
- 4.5 The Council shall consider and act on any items appearing in the internal audit report for the financial year just ended.
- 4.6 The Council shall consider and act on any items appearing in the external audit report for the financial year just ended.

- 4.7 The **statement of assurance** shall be completed and approved by the council and **signed and dated by the Chairman and the Clerk** and the minute reference recorded.
- 4.8 The RFO shall make arrangements for the opportunity for public inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.
- 4.9 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 **monthly** schedule of the payments required, together with the relevant invoices, forming part of the agenda for the meeting, shall be prepared and presented by the RFO to Council for authorisation and payment by a resolution of the Council; which shall be initialled by the Chairman of the Meeting.
- 5.3 Cheques drawn on the bank account shall be signed by **two of the four named members of Council**. The signatories shall each also initial the cheque counterfoil.

6 **PAYMENT OF ACCOUNTS**

- 6.1 All payments shall be effected by cheque or direct debit drawn on the Council's bankers.
- 6.2 All invoices for payment shall be examined, verified and certified by the RFO. Before certification, the RFO shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 6.3 The Clerk shall present for approval all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.4 If a payment is necessary to avoid a charge of 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 can certify that there is no dispute or other reason to delay payment, the Clerk may take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of the Council for ratification.
- 6.5 Payment for utility supplies (energy, telephone and water) 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

7.1 As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. ~~Hours of payment shall be agreed by the Council and payment made by arrangement through the Isle of Wight Council.~~ Any changes to agreed hours will be approved by the Council.

8 LOANS AND INVESTMENTS

8.1 All loans and investments shall be negotiated by the RFO in the name of the Council and shall be for a set period in accordance with Council policy.

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

8.3 All borrowings and application for borrowing approval shall be approved and be effected in the name of the Council. The terms and conditions of borrowings shall be reviewed at least annually.

8.4 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 the 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 at the next meeting for consideration and appropriate action.

9.5 All sums received on behalf of the Council shall be banked intact **within 1 week of receipt** by the RFO.

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 All members and Officers are responsible for obtaining value for money at all times. The RFO 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.

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 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 it is intended to enter into a contract exceeding **£300** in value for the supply of goods or materials or for the execution of works or specialist services other than those set out in paragraph (a) the RFO shall invite quotations/tenders from **at least three** firms.
- (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) An invitation to tender shall state the general nature of the work or service and the RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases. Each tendering firm shall be supplied with a specifically marked envelope addressed to the RFO, in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract. All sealed tenders shall be opened at

the same time by such persons as the council may direct in the presence of the RFO.

(e) If less than three tenders are received for contracts above £300 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.

(f) When it is to enter into a contract **less than £300** in value for the supply of goods or materials or works or specialist services other than set out in paragraph (a) the RFO shall obtain **at least two quotations**.

(g) If less than two quotations are received for contracts less than £300 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.

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

12 ASSETS, PROPERTIES AND ESTATES

12.1 The Clerk 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.

12.2 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 £50.

12.3 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.

13 INSURANCE

13.1 Following the annual risk assessment (as per Financial Regulation 14), the RFO shall, in consultation with the Chairman, effect all insurances and negotiate all claims on the Council's insurers and shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

13.2 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.

14 RISK MANAGEMENT

14.1 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.

- 14.2 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 Internet banking adopted 14/7/2014

- 15.1 No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council or a duly delegated committee.

- 15.2 Where internet banking arrangements are made with any bank, the Clerk shall be appointed as the Service Administrator.

The Bank Mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts.

The Bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.

- 15.3 Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this regulation will be treated as a very serious matter under these regulations.

- 15.4 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by two Councillors and the Clerk