

## **TISBURY PARISH COUNCIL - FINANCIAL REGULATIONS**

These Financial Regulations were adopted by the Parish Council at its Meeting held on 3 February 2004.

### **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 Councils affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.

### **2. ANNUAL ESTIMATES**

- 2.1 Each Committee shall formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of November in each year.
- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.
- 2.3 The Council shall review the estimates not later than the end of December each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall prepare and have regard to a 3 year forecast of Revenue and Capital Receipts and Payments, which shall be prepared at the same time as the annual, Budget or Estimates.

### **3. BUDGETARY CONTROL**

- 3.1 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets comparing actual expenditure against that planned.
- 3.2 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 £200.00. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.3 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year, except by resolution of the Council.
- 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 Council is satisfied that the necessary funds are available or the requisite borrowing approval has been obtained.
- 3.5 All Capital works shall be administered in accordance with the Councils 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 as required by the Accounts and Audit Regulations 2003 (note b.).
- 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 before the end of September following the year end) and shall submit them and report thereon to the Council.
- 4.3 The RFO shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 2003 (note b.), or set by the Auditor.
- 4.4 The RFO shall be responsible for ensuring that there is an adequate and effective system of internal audit of the councils accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 2003 (note b.). Any officer or member of the Council shall, if the RFO or internal auditor requires make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- 4.5 The Internal Auditor shall carry out the work required by the RFO, or by the Council, with a view to the satisfactory completion of the Internal Auditors Report section of the Annual Return and compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers required by the Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 2003 (note b.).
- 4.7 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 a purely administrative matter.

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

- 5.1 The Councils banking arrangements 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 forming part of the Agenda for the Meeting shall be prepared by the RFO and together with the relevant invoices be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council and initialled by the Chairman of the Meeting. If more appropriate the detail may be shown in the Minutes of the Meeting.
- 5.3 Two members of the Council shall sign cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2.
- 5.4 To indicate agreement of the details shown on the cheque or in order for payment with the counterfoil and the invoice or similar documentation the signatories shall each also initial the cheque counterfoil.

## **PAYMENT OF ACCOUNTS**

- 6.1 All payments shall be effected by cheque or other order drawn on the Councils bankers.
- 6.2 Invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall be satisfied that the work, goods or services, to which the invoice relates, shall have been received, carried out, examined and approved.
- 6.3 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.
- 6.4 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 Council, where the Clerk certifies that there is no dispute or other reason to delay payment the Clerk may (notwithstanding Para 6.3) take all steps necessary to settle such invoices provided that a list of payments shall be submitted to the next appropriate meeting of Council.
- 6.5 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 on a regular basis, at least quarterly.
- 6.6 The Parish Council does not operate a petty cash system.

## **7. PAYMENT OF SALARIES**

- 7.1 The payment of staff salaries 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 salaries 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 provided that each payment is reported to and ratified by the next available Council Meeting.

## **8. LOANS AND INVESTMENTS**

- 8.1 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.
- 8.2 The Councils Investment Policy shall be in accordance with the Trustee Act 2000 and shall be reviewed on a regular basis (at least annually)
- 8.3 All investments of money under the control of the Council shall be in the name of the Council.
- 8.4 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.
- 8.5 All investment certificated 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 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 Clerk.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5 All sums received on behalf of the Council shall be banked. All receipts shall be deposited with the Council's bankers with such frequency, as the RFO considers necessary.
- 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 the VAT Act 1994 Section 33 shall be made at least annually.

## **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 Order books shall be controlled by the RFO.
- 10.3 All members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, normally by obtaining at least two or more quotations or estimates from appropriate suppliers subject to any de minimis provision in Regulation 11 (1) below.
- 10.4 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.

## **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 except in an emergency. Exceptions to these regulations relate to items (i) to (vi) below:
    - (i) The supply of gas, electricity, water, sewerage and telephone services.
    - (ii) Specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.

- (iii) 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) Work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council
  - (v) Additional audit work of the external auditor up to an estimated value of £250.00 (in excess of this sum the Clerk shall act after consultation with the Chairman and Vice Chairman of the Council.)
  - (vi) 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 £50,000 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.
- (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 specially 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 £50,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or material or executing the works.
- (g) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders.
- (h) When it is to enter into a contract less than £50,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, or specialist services as are excepted as set out in paragraph (a), the Clerk shall obtain 3 quotations, Where the value is below £1,000 and above £100, Regulation 10 (3) above shall apply.

## **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 upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to a percentage withholding as may be agreed in the particular contract.)
- 12.2 Where contracts provide for payments by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of works 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 The Council and Clerk to the Contractor must approve any variation to a contract or addition to or omission from a contract in writing. The Council being informed where the final cost is likely to exceed the financial provision.

### **13. STORES AND EQUIPMENT**

- 13.1 The clerk shall be responsible for the care and custody of stores and equipment in the Parish Office.
- 13.2 Delivery notes shall be obtained in respect of all goods received or otherwise delivered and goods 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 Clerk shall be responsible for carrying out periodic stock checks.

### **14. PROPERTIES AND ESTATES**

- 14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk will also ensure that 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 Regulation 4(3)(b) of the Accounts and Audit Regulations 2003 (note b.).
- 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 £50.

### **15. INSURANCE**

- 15.1 Following an annual risk assessment, the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The Clerk will advise the Council insurers of all new risks, which require to be insured, and of any alterations required to existing insurances.
- 15.3 The Clerk 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 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.
- 15.5 The Clerk shall be included in a suitable fidelity guarantee insurance, which will cover the maximum risk exposure as determined by the Council.

### **16. CHARITIES**

- 16.1 Where the Council is sole trustee of a charitable body the Clerk shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate in accordance with Charity Law and legislation or as determined by the Charity Commission. The Clerk shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

**17. RISK MANAGEMENT**

- 17.1 The Clerk shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 17.2 When considering any new activity the Clerk shall arrange for the preparation of a draft Risk Management Policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and adoption, if thought appropriate.

**18. REVISION OF FINANCIAL REGULATIONS**

- 18.1 It shall be the duty of the Council to review these Financial Regulations at least every 2 years.

**19 ADOPTION OF FINANCIAL REGULATIONS**

The foregoing Financial Regulations were approved by the Council on **3<sup>rd</sup> February 2004 and reviewed or revised as detailed below:**

- Reviewed May 2004*
- Reviewed May 2005*
- Reviewed May 2006*
- Reviewed May 2007*
- Revised October 2008*
- Revised May 2011*



..... Chairman of Meeting



..... Clerk to the Council

Notes:

- a. In these Financial Regulations, the RFO also refers to the Clerk.
- b. Accounts and Audit Regulations 2003 also refers to any regulations replacing those regulations, as from time to time amended.

*To be reviewed not later than: May 2012*