

## **Hedgerley Parish Council**

# **FINANCIAL REGULATIONS**

### **1. GENERAL**

- 1.1 These Financial Regulations shall 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 financial affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.

### **2 Annual Budget**

- 2.1 Detailed estimates of cash income and expenditure shall be prepared each year by the RFO.
- 2.2 The Council shall review the estimates not later than the end of January in each year and shall recommend the precept to be levied for the ensuing financial year.
- 2.3 The annual budget shall form the basis of financial control for the ensuing year. The RFO shall supply each Member with a copy of the approved estimates.

### **3 Budgetary Control**

- 3.1 Expenditure may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the approved budget for that category unless the Council has approved the transfer of funds from another category or from the reserves. Expenditure may be incurred if 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 £500.
- 3.3 Where expenditure is incurred in accordance with Regulation 3.2 above, the action shall be reported to the Council as soon as practicable thereafter. If the sum required cannot be met from the existing overall budget, the Council shall determine the extent to which the expenditure shall be met from the reserves.
- 3.4 The RFO shall periodically provide the Council with a statement of income and expenditure to date, under each head of the approved annual budget. This will comprise a monthly summary report of actual expenditure year to date against the full year budget for the main budget categories. For the meetings after each quarter end, a report of actual expenditure year to date against the full year budget for each budget line shall be provided. A similar report will be required historically for the year end.
- 3.5 Uncommitted provisions in the budget shall not be carried forward to the subsequent year. Except, where budgeted expenditure has been incurred by the year-end but the invoice has not yet been settled, these costs should be regarded as outside the next year's budgeted expenditure. (Note: such costs would be normally accrued, but are not while the Council uses cash accounting.)
- 3.6 All major expenditure shall be administered in accordance with the Council's Financial Regulations relating to contracts. (See Clause 10).

#### **4 Accounting and Audit**

- 4.1 The RFO is responsible to the Council for ensuring that all the accounting procedures and financial records comply with the requirements of the applicable legislation as currently in force.
- 4.2 The RFO shall be responsible for preparing the draft annual accounts of the Council together with the books and records for the financial year just ended for examination by the Internal Auditor by 7th May annually.
- 4.3 Members charged with the duty of examining and checking the accounts of transactions should not be engaged in any of those transactions, neither should they participate in the authorisation of such transactions or sign any associated payments in settlement of such transactions when approved.
- 4.4 The Council shall appoint an Internal Auditor, who shall be independent of the Council. The Internal Auditor's duty is to report to the Council. The internal audit work carried out each year shall be sufficient to provide the necessary assurances that the Council requires to accept and sign the annual return and accounts.
- 4.5 Any Member of the Council or the RFO shall, if the Auditor (whether Internal or External) requires, make available such documents as appear to the Auditor to be necessary for the purpose of any audit or examination, and shall supply the Auditor with such information and explanation as the Auditor considers necessary for that purpose.

#### **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 the payment of money shall be prepared by the RFO and together with the relevant invoices etc be presented to the Council. Those payments that are in order shall be authorised by a Resolution of the Council.
- 5.3 Cheques drawn on the Current Account, in accordance with the schedule referred to in Clause 5.2, shall be signed by two, duly authorised, Members of the Council (subject to the restrictions of Clause 4.3).

#### **6 Payment of Accounts**

- 6.1 All invoices for payment shall be passed to the RFO, who shall satisfy herself that the work, goods or services to which the invoice relates have been received, carried out examined and approved.
- 6.2 The RFO shall examine all invoices received in relation to arithmetical accuracy and authorisation and shall allocate them to the appropriate expenditure head. She shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.

#### **7 Loans and Investments**

- 7.1 All loans and investments approved by the Council shall be negotiated by the RFO in the name of the Council, and shall be for a set period of time in accordance with Council policy. The Council shall approve proposed changes to loans and investments.
- 7.2 All investments of money under the control of the Council shall be in the name of the Council.
- 7.3 All borrowings shall be affected in the name of the Council.
- 7.4 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## **8 Income**

- 8.1 A schedule of all sums due to the Council shall be prepared by the RFO who shall also be responsible for the collection of all such sums.
- 8.2 Particulars of all charges to be made for work done, services rendered or goods supplied, shall be notified to the RFO. The RFO shall be responsible for raising any necessary invoices to third parties.
- 8.3 The Council shall review all fees and charges.
- 8.4 Any potential bad debts shall be reported to the Council, who will determine what recovery action is to be initiated.
- 8.5 All sums received on behalf of the Council shall be paid to the RFO for banking. All receipts shall be deposited with the Council's bankers with such frequency, as the RFO considers necessary. Undeposited amounts totalling in excess of £250 should be banked within 5 working days.
- 8.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.

## **9 Orders for Work Goods and Services**

- 9.1 An official order or letter shall be issued for all work, goods and services approved by the Council unless a formal contract is to be prepared or an official order would be inappropriate.
- 9.2 Copies of orders issued shall be maintained by the RFO.
- 9.3 The Council is responsible for obtaining value for money at all times and the RFO shall ensure that, as far as reasonable and practicable, the Council in respect of each transaction obtains the best available terms for approval.

## **10 Contracts**

- 10.1 Procedures as to contracts are as follows.
  - (a) Every contract shall comply with Clause 10.1 of these Financial Regulations, and no exception from any of the following provisions of Clause 10.1 of these Financial Regulations shall be made otherwise than by direction of the Council provided that Clause 10.1 of these Financial Regulations shall not apply to contracts which relate to items (i) to (v) 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 goods, or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price.
  - (b) Where it is intended to enter into a contract exceeding £3,500 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 RFO shall on instruction from the Council invite tenders from at least two firms.

- (c) Such invitation to tender shall state the general nature of the intended contract and the RFO 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 RFO and the last date by which such tenders should reach the RFO 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.
- (d) All sealed tenders shall be opened at the same time on the prescribed date by the RFO or the properly authorised deputy, in the presence of at least one Member of the Council.
- (e) If less than two tenders are received for contracts valued above £3,500 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. When proposals are made to waive Financial Regulations relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- (f) The Council shall not be obliged to accept the lowest or any tender
- (g) Any invitation to tender issued under these Financial Regulations shall contain a statement of the text of clause 10.1 (a) to (f) inclusive.

## **11 Payments. Under Contracts for Building or Other Construction Works**

- 11.1 Payments on account of the contract sum shall be made by the RFO within the time specified in the contract upon authorised certificates of the architect or other consultants, engaged to supervise the contract.
- 11.2 Where contracts provide for payment by instalments, the RFO shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a Report shall be submitted to the Council.
- 11.3 The Council must approve any variation to a contract or addition to or omission from a contract.

## **12 Properties and Estates**

- 12.1 The RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the council.
- 12.2 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 the prevailing applicable legislation.
- 12.3 No property shall be sold, leased or otherwise disposed of without the authority of the Council.

## **13 Insurance**

- 13.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 13.2 The RFO shall be advised of all new risks, properties or vehicles, which require to be insured and of any alterations affecting existing insurances.

- 13.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby. The Council shall review their cover annually.
- 13.4 The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.
- 13.5 All appropriate Officers and members of the Council shall be included in a suitable fidelity guarantee insurance.

#### **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.

18<sup>th</sup> March 2019