



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 council shall appoint a Responsible Financial Officer (RFO) who, 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 and shall report to the full council. Reporting should take place at least three times each year.
- 1.4. At present the RFO's duties are split between the Clerk (who is responsible for the routine book-keeping tasks) and the Internal Auditor (who is responsible for the production of the council's Balance Sheet and Income & Expenditure reports).
- 1.5. The Financial Control Process, by which the council can be assured that its financial dealings are being properly managed, is given as Appendix 1.

2. ANNUAL ESTIMATES

- 2.1. The Carnival, Public Amenities, Finance and Administration and Youth Centre committees shall formulate and submit proposals to the RFO in respect of revenue and capital costs for the following financial year not later than the first of November each year. This is to enable the RFO to formulate the rolling capital programme and revenue budgets for approval by the council.
- 2.2. Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the RFO.
- 2.3. The RFO & the Finance & Administration committee shall review the estimates and then recommend for council approval the precept to be levied for the ensuing financial year, not later than the end of December in each year. The RFO shall supply each member with a copy of the approved estimates.
- 2.4. The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

3. BUDGETARY CONTROL

- 3.1. Expenditure on the revenue account may be incurred up to the amounts included in each approved budget heading.
- 3.2. No expenditure may be incurred which cannot be met from the amount provided in the appropriate revenue budget heading unless a virement has been approved by the council.
- 3.3. The RFO shall periodically provide the council with a statement of income and expenditure to date under each head of the approved annual revenue and capital budgets and shall provide the latest Bank statements at Finance committee meetings.
- 3.4. The Clerk may incur expenditure on behalf of the council when it is necessary to carry out any repairs, replacements or other work that are of such extreme urgency that they must be done at once. This expenditure may be incurred whether or not there is any budgetary provision for the expenditure, but must not exceed the limit of the General and Clerk's Contingency fund. The Clerk shall then seek approval from the council as soon as practicable thereafter.
- 3.5. Money budgeted against specific cost items which remains unspent at a year-end shall not be carried forward to subsequent years but shall be returned to General Funds.



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- 3.6. No expenditure shall be incurred in relation to any capital project, no contract entered into or tender accepted involving capital expenditure, unless the council is satisfied that the necessary capital funds are available, or the requisite borrowing approval can be obtained.
- 3.7. 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 as required by the Accounts and Audit Regulations 1996, as amended.
- 4.2. The council shall appoint an Internal Auditor who need not be professionally qualified but must be competent to carry out the task & be independent of the council.
- 4.3. 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 to and report thereon to the council.
- 4.4 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 1996 as amended, or set by the Auditor.
- 4.5 The RFO shall be responsible for ensuring and demonstrating to the Finance committee that there is an adequate and effective system of internal audit of the council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 1996 as amended. 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.
- 4.6 The Internal Auditor shall carry out the work required by the RFO, or by the council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The Internal Auditor shall report to council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.7 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1996 as amended.
- 4.8 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 shall be made by the RFO and approved by the council. They shall be regularly reviewed for efficiency.



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- 5.2. A schedule of the payment of money, forming part of the agenda of the meeting, shall be prepared by the RFO and shall be presented to the council. If the schedule is in order it shall be authorised by a resolution of the council.
- 5.3. The financial authorisations if paid by cheque shall then be signed by two councillors or paid by online banking facilities by two councillors.
- 5.4. All current councillors may be authorised signatories. At present four councillors have been appointed as signatories.
- 5.5. Under no circumstances should blank cheques be signed.
- 5.6 Any expenditure incurred using a council debit card will be subject to all standard Council rules and regulations

6. PAYMENT OF ACCOUNTS

- 6.1. All payments shall be effected by cheque, online payment of other order drawn on the council's bankers.
- 6.2. All invoices for payment shall be examined, verified and certified by the officer issuing the order. Before certifying an invoice the officer shall satisfy himself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.3. Duly certified invoices shall be passed to the RFO who shall examine them in relation to accuracy and authorisation, and shall code them to the appropriate expenditure head. He shall take all possible steps to settle all invoices submitted, and which are in order, at the next available council meeting.
- 6.4. When the RFO is satisfied that invoices are in order he shall raise an outgoing sheet and satisfy the audit trail.
- 6.5. All duly certified invoices will then be entered on the schedule referred to in 5.2 above.
- 6.6. The council itself shall not maintain any form of permanent cash float.

7. PAYMENT OF SALARIES, WAGES, EXPENSES AND ALLOWANCES

- 7.1. The payment of all 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. The payments shall be made by cheque/BACS using the schedule of the payment of money and presented to the council in the normal way as per 5.3 above.
- 7.3. The Chairman is entitled to an annual allowance which is determined when the precept is decided.
- 7.4. Councillors are entitled to claim travelling expenses for journeys which are exclusively for council business at the relevant rate permitted by the MH Revenue and Customs authorised casual user rates.

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 of time in accordance with the council policy agreed at the PC meeting of



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11th August 2009 (see Appendix 2). Changes to loans and investments should be reported to the council at the earliest opportunity.

- 8.2. All investments of money under the control of the council shall be in the name of the council.
- 8.3. All borrowings shall be affected in the name of the council, after obtaining the necessary borrowing approval. Any application for borrowing approval shall be approved by council as to terms and purpose.
- 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 notified to the RFO and the RFO shall be ultimately 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 bad debts shall be reported to the council and, if unrecoverable, shall be written off in the year.
- 9.5. All sums received on behalf of the council shall be banked by the RFO and a reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 9.6. Personal cheques shall not be cashed out of money held on behalf of the council.
- 9.7. 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 coinciding with the financial year end.
- 9.8. Where any significant sums of cash are regularly received by the council, the RFO shall take such steps as are agreed by the council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10. ORDERS FOR WORK, GOODS AND SERVICES

- 10.1. An official order or letter shall be issued for all work, goods or services unless a formal contract is to be prepared or where an official order would be inappropriate e.g. petty cash purchases, goods purchased on account from regular suppliers.
- 10.2. All officers are responsible for obtaining 'Best Value' for money at all times. An officer issuing an official order over a value of £25 is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction. For purchases over £2,000, it will be necessary to obtain 3 quotations which should then be evaluated to determine which offers 'Best Value'.

11. CONTRACTS

- 11.1. Procedures as to contracts are laid down in the council's standing orders [item 77](#).



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12. STORES AND EQUIPMENT

12.1. No stores or spares are retained by the council. In the event that this becomes necessary, then appropriate regulations will be defined.

13. INSURANCE

13.1. The RFO shall effect all insurance and negotiate all claims on the council's insurer.

13.2. The RFO shall insure that all new risks, properties or vehicles which require to be insured are added to existing insurance.

13.3. The RFO shall keep a record of all insurance affected by the council and the property and risks covered thereby and annually review it.

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 employees of the council shall be included in a suitable fidelity guarantee insurance.

14. REVISION OF FINANCIAL REGULATIONS

14.1. It is the duty of the council to review these Financial Regulations each year at the Parish Council meeting following the Annual Meeting of the Parish Council.

| Date | Signed by PC Chair |
|------------|--------------------|
| 25/06/2013 | |
| 07/06/2016 | |
| 09/01/2018 | |
| 06/02/2018 | |
| 14/05/2019 | |
| 05/05/2020 | |



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Appendix 1: Financial Control Process

1. Setting Budgets

- 1.1. The Finance committee meets during the third finance quarter to decide on the DDDC Precept to be recommended to council for the coming financial year. As part of this process, each individual Cost Item is reviewed and a budget allocated to it. These figures are then recommended to council for approval.
- 1.2. Following this Finance committee meeting, the council reviews the recommendations and makes the final decision on the Precept and the Cost Item budgets.

2. Monthly Checks

- 2.1. For each monthly PC meeting the RFO produces a schedule of Financial Authorisations for council approval, the associated cheques ready for signature by two of the four authorised signatories, and a management report showing the expenditure to date for each Cost Item and for each separate Fund (e.g. Car Parking Fund) against the budget allocated to each.

3. Finance committee meetings

- 3.1. The Finance committee meets three / four times during the course of the year to formally review the council's expenditure along with the other significant associated aspects (e.g. insurance, PAYE, VAT).

4. Accounting and Audit

- 4.1. The accounting files, both paper and electronic, are submitted to the council's Internal Auditor for a half-year check to ensure that all expenditure is being correctly handled and reported.
- 4.2. The accounting files, both paper and electronic, are submitted to the council's accountant after the financial year-end for him to produce a) the Income and Expenditure report, b) the Balance Sheet and c) the draft figures and supporting documentation for the Annual Return for submission to the External Auditor.
- 4.3. The information produced in step 4.2 above is then reviewed by the Finance committee and, if satisfied, is recommended to the council for acceptance.
- 4.4. The council reviews this financial information and, if satisfied, accepts it. The Annual Return is then signed and submitted to the External Auditor (during 2015/16 the External Auditor was Grant Thornton).
- 4.5. The RFO shall make arrangements for the opportunity for the public to inspect the council's accounts, books, and vouchers as required by Audit Commission Act 1998.



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Appendix 2:- Policy on Review of Investments (Agreed 11/08/09 – minute 108/2009)

Investment of surplus funds by local authorities is governed by the Local Government Act 2003, section 15(1)(a) and Guidance issued by the Secretary of State under that Act. Investments below £10,000 are not subject to the Guidance but for investments between £10,000 and £500,000 the council is required to make a formal decision on the extent to which it would be reasonable to adopt the Guidance either in part or in full. The Guidance recommends that a council produces an Annual Investment Strategy which sets out its policy for managing the investments and giving priority to the liquidity and security.

A 'Specified Investment' is one which is made in sterling, is not long term (less than 12 months), is not defined as capital expenditure and is placed with a body which has a high credit rating or made with the UK Government, a UK Local Authority or a parish or community council.

Any other type of investment is considered 'Non Specified Investment' to which there can be greater risk and where professional investment advice might be required.

The council should keep its strategy simple and maintain prudence at all times.

The Council adopted the following Strategy at the August 2009 meeting:-

- 1 Adopt the Secretary of State's Guidance in relation to council investments in full.**
- 2 Carry out an annual cash flow forecast to ascertain expenditure commitments for the coming year.**
- 3 On the basis of that cash flow forecast invest only in:-**
 - a) 'specified investments' or**
 - b) 'non specified investments' that offer greatest security including longer term investment i.e. 12 months or more**
 - c) bodies with high credit ratings.**
- 4 Any investment in longer term funds (12 months or more) should not exceed the surplus of cash balances above the parish council's annual budgeted expenditure reduced by the annual precept.**
- 5 Review investments annually**