

**Stokeinteignhead Parish Council**

**Financial Regulations – Approved 13 May 2014**

These Financial Regulations were adopted by the Council at its Meeting held on 13 May 2014.

**1. General**

1.1 These Financial Regulations shall govern the conduct of the financial transactions of Stokeinteignhead Parish Council and may only be amended or varied by resolution of the Council.

1.2 The Responsible Finance Officer (RFO) under the policy direction of the Full 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.

1.4 The Council shall be responsible for ensuring that the financial management is adequate and effective and that the council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk.

1.5 The Council shall review at least once a year the effectiveness of its systems of internal controls and shall produce a statement on internal control with its statement of accounts.

**2. Annual Estimates**

2.1 Each Committee shall formulate and submit proposals to the Full Council in respect of revenue services and capital projects for inclusion in the rolling capital programme and not later than the end of October each year.

2.2 Detailed estimates of income and expenditure shall be prepared each year by the Chairman of the Council with the assistance of the RFO.

2.3 The Full Council shall review the estimates not later than the end of December in each year and shall recommend the precept to be levied for the ensuing financial year. The RFO shall supply 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.

2.5 The Council shall prepare and have regard to a three 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 Expenditure on the revenue account may be incurred up to the amounts included in the budget.

3.2 No expenditure may be incurred which cannot be met from the amount provided in the revenue budget unless a virement has been approved by the Full Council.

3.3 The RFO shall provide Councillors with a statement of income and expenditure to date under each head of the approved budgets on a monthly basis.

3.4 The RFO 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 emergency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1,000. The RFO shall report the action to the appropriate Committee Chairman prior to any action being taken and report to the Committee as soon as practicable, and to the next Full Council Meeting.

3.5 Where expenditure is incurred in accordance with 3.4 above and the sum required cannot be met from savings made elsewhere within that Committee approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Council.

3.6 At the end of the financial year Full Council will resolve to reallocate any unspent provisions in the revenue budget.

3.7 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the Committee concerned is satisfied that it is contained in the rolling capital programme and that the necessary capital funds are available, or the requisite borrowing approval can be obtained.

3.8 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 Audit Commission Act 1998, the Accounts and Audit Regulations 2003 and the Code of Audit Practice 2006.

4.2 The RFO shall be responsible for completing the annual accounts return of the Council as soon as practicable after the end of the financial year and shall submit them to and report thereon to 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 timescale set by the Accounts and Audit Regulations 1996 as amended, or set by the Auditor.

4.4 The RFO shall be responsible for maintaining an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with the Audit Commission Act 1998, the Accounts and Audit Regulations 2003 and the Code of Audit Practice 2006. Any officer or member of the Council shall, if the RFO requires, make available such documents of the Council which relate to their accounting and other records as appear to the RFO to be necessary for the purpose of the audit and shall supply the RFO with such information and explanation as the RFO considers necessary for that purpose.

4.5 The RFO shall prepare and the Chairman of the Council shall present at the Annual Meeting of the Parish a statement of receipts and expenditure for the preceding financial year.

4.6 As soon as possible after the end of the financial year the RFO shall prepare and the Chairman of the Council shall present the audited accounts for approval by the Council and for signature.

4.7 The Internal Auditor shall carry out the work required by the RFO and 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, 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.

4.8 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 2003 and 2006, and any subsequent amendments thereto.

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 a purely administrative matter.

4.10 The Council shall carry out a review of the effectiveness of internal audit on an annual basis in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto.

#### 5. Banking Arrangements and Cheques

5.1 The Council's banking arrangements shall be made by the RFO under recommendations of the Finance General Purposes Committee at its first meeting following the AGM and approved by the Council at their next Meeting. Two accounts shall be maintained at the bank, a general current account and a deposit account.

5.2 A schedule of the payment of money shall be prepared by the RFO and presented to the Council. If the schedule is in order it shall be authorised by a resolution of the Council.

5.3 Cheques for the payment of bills drawn on the Council and approved for payment shall be signed by any two members from an approved list of signatories.

#### 6. Payment of Accounts

6.1 Apart from petty cash payments all payments shall be effected by cheque or other order drawn on the Council's bankers, with the cheque stubbed initials by the cheque signatories.

6.2 All invoices for payment shall be examined, verified and certified by the RFO who shall satisfy himself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.

6.3 The RFO shall examine invoices in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head and shall take all possible steps to settle all invoices submitted, and which are in order, at the end of the month in which received.

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 RFO and RFO certify that there is no dispute or other reason to delay payment, the RFO may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council.

6.5 When the RFO is satisfied that invoices are in order pass them for payment.

6.6 All duly certified invoices will then be entered on the schedule referred to in 5.2 above.

6.7 The RFO may provide petty cash for the purpose of defraying operational and other expenses.

a) The RFO shall maintain a petty cash float to the limit of £200 for the purpose of defraying operational and other expenses. Vouchers for payment made from petty cash shall be kept to substantiate the payment.

b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.

c) Payments to maintain the petty cash float shall be shown separately on the schedule of the payment of money presented to the Council (under 5.2 above).

#### 7. Payment of Salaries and Wages

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 Payment of salaries and payment of deductions from salary 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.

7.3 All time sheets shall be certified as to accuracy by or on behalf of the RFO.

## 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 Council policy. 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 any 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.

8.5 The Council's Investment Policy, shall be in accordance with the Trustee Act 2000, and shall be reviewed on a regular basis (at least annually).

## 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 who 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 for follow up action.

9.5 All sums received on behalf of the Council shall be paid to the RFO for banking. In all cases all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.

9.6 A reference to the related debt, or otherwise, indicating the origin of each cheque 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 monthly.

9.9 Where sums of excess of £100 cash are 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 Works, 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, e.g. petty cash purchases. Copies of orders issued shall be maintained.

10.2 All officers are responsible for obtaining value for money at all times. An officer issuing an official order to ensure as far as responsible and practicable that the best available terms are obtained in respect of each transaction.

10.3 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 the contract are laid down in the Council's Standing Orders as follows:

a) Every contract whether made by the Council or by a Committee to which the power of making contracts has been delegated shall comply with Standing Orders, and no exception from any of the following provisions of these Standing Orders shall be made otherwise than by direction of the Council or in an emergency by such a Committee as aforesaid provided that these Standing Orders shall not apply to contracts which relate to items (i) and (v) below:

i) For the supply of gas, electricity, water, sewerage and telephone services.

ii) For specialist service 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:

i) Exceeding £1,000 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 accepted as set out in paragraph (a) the RFO shall invite tenders from at least three firms, such firms to be taken from the appropriate approved list.

ii) For expenditure of up to £1,000 two authorised signatories are required and will report to Full Council at their next Meeting.

c) Where applications are made to waive Standing Orders relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the Council.

d) Every exception made by a Committee to which the power of making contracts has been delegated shall be reported to the Council and the report shall specify the emergency by which the exception shall have been justified.

e) 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.

f) All sealed tenders shall be opened at the time on the prescribed date by the RFO in the presence of at least one member of the Council.

g) If less than three tenders are received for contracts above £1,000 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.

h) The Council shall not be obliged to accept the lowest of any tender, but shall decide on the merits of each tender whether or not each tender is accepted.

### 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 by the RFO upon authorised certificates of the architect or other consultants engaged to supervise the contract.

12.2 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 10% or more a report shall be submitted to Full Council.

12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and RFO to the Contractor in writing before any work has begun, the Council being informed where the final cost is likely to exceed the financial provision.

### 13. Stores and Equipment

13.1 The RFO shall be responsible for the care and custody of stores and equipment in that section.

13.2 Delivery Notes shall be obtained in respect of all goods received into store 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 RFO shall be responsible for periodic checks of stocks and stores at least annually.

### 14. Properties and Estates

14.1 The RFO 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 Regulation 4(3)(b) of the Accounts and Audit Regulations 1996 as amended.

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 £1,000.

### 15. Insurance

15.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers

15.2 The RFO shall give prompt notification of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

15.3 The RFO 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 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 Full Council at their next meeting.

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

### 16. Revision of Financial Regulations

16.1 It shall be the duty of the Full Council to review the Financial Regulations of the Council annually and to make such recommendations as the Council considers necessary

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