

# WEST ITCHENOR PARISH COUNCIL

## FINANCIAL REGULATIONS

### 1. General

- 1.1 These financial regulations shall govern the conduct of the financial transactions of West Itchenor Parish Council (the Council) and may only be amended or varied by resolution of the Council.
- 1.2 The Clerk and Responsible Financial Officer (C&RFO) under the policy direction of the Council shall be responsible for the proper administration of the Council's financial affairs.
- 1.3 The C&RFO shall be responsible for the production of financial management information.

### 2. Annual Estimates

- 2.1 Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the C&RFO in conjunction with the Finance Committee and submitted to the Council.
- 2.2.1 The Parish Council shall review the estimates and submit them to the District Council not later than the end of January in each year and shall recommend the precept to be levied for the ensuing financial year. The C&RFO shall supply each member with a copy of the approved estimates.
- 2.3 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 the approved budget.
- 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 C&RFO shall regularly provide the Council with a statement of income and expenditure to date under each heading of the approved annual revenue and capital budgets.
- 3.4 The C&RFO may, on behalf of the Council, incur expenditure that is necessary to carry out any repair, replacement or other work that 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 £1000 per annum. The C&RFO shall report the action to the Council as soon as practicable thereafter.

- 3.5 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made under another approved budget heading, it shall be subject to the provisions of a supplementary estimate approved by the Council.
- 3.6 Unspent provisions in the revenue budget shall revert to the general fund
- 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 or the Council are 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 C&RFO as required by the Accounts and Audit Regulations 1996.
- 4.2 The C&RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
- 4.3 The C&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 Auditor.
- 4.4 The C&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 regulation 5 of the Accounts and Audit Regulations 1996. Any officer or member of the Council shall, if the C&RFO requires, make available such documents of the Council which relate to their accounting and other records as appear to the C&RFO to be necessary for the purpose of the audit and shall supply the C&RFO with such information and explanation as the C&RFO considers necessary for that purpose.
- 4.5 The Internal Auditor shall carry out the work required by the Council, with a view to satisfactory completion of the Internal Auditors 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 the Council in writing for each financial year.
- 4.6 The C&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.
- 4.7 The C&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 purely of an administrative matter.

## **5. Banking Arrangements and Cheques**

- 5.1 The Council's banking arrangements shall be made by the C&RFO and approved by the Council.
- 5.2 A schedule of the payment of money, forming part of the Agenda for the Meeting, shall be prepared by the C&RFO and together with the relevant invoices be presented to the Council for approval. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman of the Meeting.
- 5.3 Cheques drawn on the Council's bank account in accordance with the schedule referred to in regulation 5.2 above or in accordance with paragraph 6.4, shall be signed by TWO members of the Council.

## **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.
- 6.2 All invoices for payment shall be examined, verified and certified by the C&RFO. The C&RFO shall satisfy him/herself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.3 The C&RFO shall examine the invoices in relation to arithmetic accuracy and shall allocate them to the appropriate expenditure heading. The C&RFO shall take all possible 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 of interest under the Late Payments of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of the Council, where the C&RFO certify there is no reason to delay payment, the C&RFO may (notwithstanding Para 6.3) take steps necessary to settle such invoices provided that a list of such payments is presented to the next appropriate Meeting of the Council.
- 6.5 The C&RFO will maintain a petty cash float of £30.00 necessary for the payment of small miscellaneous items. Vouchers for payments made from this account shall be kept separately and recorded in a book that shall be available for inspection at each Council Meeting.

## **7. Loans and Investments**

- 7.1 All loans and investments shall be negotiated by the C&RFO in the name of the Council.
- 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 effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by the Council as to terms and purpose.

7.4 All investment certificates and other documents relating thereto shall be retained in the custody of the C&RFO.

## **8. Income**

8.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the C&RFO.

8.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the C&RFO and the C&RFO shall be ultimately responsible for the collection of all accounts due to the Council.

8.3 The Council will review all fees and charges annually.

8.4 Any bad debts shall be reported to the Council and may be written off in the year.

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

8.6 The C&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 half yearly.

## **9. Payment of Salaries**

9.1 The payment of the Clerk's salary shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating. Salaries shall be agreed by the Council.

9.2 Payment of salaries and payment of deduction from salary as may be made for Tax and NI 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.

## **10. Orders for Work, Goods and Services**

10.1 An official order or letter shall be issued by the C&RFO 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 Members and the C&RFO are responsible for obtaining good value for money at all times. Members and the C&RFO should 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 subject to any de-minimus provisions in Regulation 11 (1) below.

10.3 The C&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, 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) Where it is intended to enter into a contract exceeding £10,000 in value for the supply of goods or materials, or for the execution of works the C&RFO shall invite tenders from at least three firms to be taken from an appropriate approved list.
- b) Such invitation to Tender shall state the general nature of the intended contract and the C&RFO shall obtain the necessary technical assistance to prepare an appropriate specification. The invitation shall state that tenders must be addressed to the C&RFO and marked "TENDER" in the ordinary course of post and the date for the latest receipt of such tenders.
- c) All tenders shall be opened at the same time on the prescribed date by the C&RFO in the presence of at least one member of the Council.
- d) If less than three tenders are received or if all tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- e) Where it is intended to enter into a contract exceeding £1,000 but not exceeding £10,000 in value for the supply of goods or materials, or for the execution of works the C&RFO shall obtain three quotations (priced descriptions of the proposed supply).
- f) The Council shall not be obliged to accept the lowest of any tender, quote or estimate.
- g) When applications 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.

## **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 C&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 C&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.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

### **13. Properties and Estates**

- 13.1 The C&RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The C&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.
- 13.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council together with any other consent required by law, save where the estimated value of any one item of tangible moveable property does not exceed £50.00.

### **14. Insurance**

- 14.1 Following an Annual Risk Assessment the C&RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 14.2 The C&RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 14.3 All appropriate employees 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 and to make such recommendations to the Council as the Committee considers are required.