

HATHERSAGE PARISH COUNCIL POLICY Number: 003



Financial Regulations

Version	Status	Date
03	Approved	05/12/2023
02	Approved	14/05/2019
01	Approved	01/04/2015

Reviewed	Date	Next review
December 2023	05/12/2023	December 2024
May 2019	14/05/2019	December 2020
March 2015		

HATHERSAGE PARISH COUNCIL

FINANCIAL REGULATIONS

1. GENERAL

- 1.1 These financial regulations govern the conduct of financial management by 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.
- 1.4 At least once a year, the Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.5 In these Financial Regulations the term "Proper Practice(s)" shall refer to guidance issued in "Governance and Accountability in Local Councils in England & Wales" which is published jointly by NALC and SLCC.

2. ANNUAL ESTIMATES

- 2.1 Each Committee shall formulate and submit proposals to the Council in respect of revenue and capital including the use of reserves and sources of funding for the following financial year not later than the end of November each year.
- 2.2 The RFO shall prepare a draft budget for consideration by the Finance Committee.
- 2.3 The Council shall review the budget and fix the precept to be levied for the ensuing financial year in accordance with the requirements of the District Council. In fixing the amount of the precept the Council will take into account the level of its cash balances. 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 will consider expenditure plans beyond the forthcoming year and make provision for them in its budgets.

3 BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.

- 3.2 Expenditure in excess of that included in the budget may be incurred if the Council is satisfied that it has sufficient cash resources to fund the expenditure.
- 3.3 The RFO shall provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual income and expenditure against that planned, at each Council meeting and at any other times the Council may request.
- 3.4 Any Councillor, the Clerk or 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 urgency that it must be done at once, subject to a limit of £2,000, provided that the expenditure is from funds within the current budget. The matter to be reported to the next Council meeting.
- 3.5 Unspent provisions in the revenue budget may be carried forward to the subsequent year for expenditure in that year.
- 3.6 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.
- 3.7 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 current legislation.
- 4.2 One Councillor shall be appointed annually by the Council to act for the next 12 months as the Council's internal checker making such random checks on the accuracy of the accounting records as he/she considers appropriate.
- 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 and report thereon to the Council.
- 4.4 The RFO shall be responsible for completing the Accounting Statement of the Council as supplied by the External Auditor and for submitting the Accounting Statement for approval and authorisation by the Council within the timescales set by current legislation or set by the Auditor.
- 4.5 The RFO shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with current legislation and best accounting practices. 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 consider necessary for that purpose.

- 4.6 The Internal Auditor shall be appointed by and shall carry out the work required by the council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the Council in writing or in person on a regular basis with a minimum of one annual written report in respect of each financial year. In order to demonstrate objectivity and independence the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the Council.
- 4.7 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and Statements of Account required by current legislation.
- 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

- 5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 Payments made from the bank account in accordance with the schedule referred to in paragraph 6.3 or in accordance with paragraph 6.4 shall be authorised by two members of Council.

6 PAYMENT OF ACCOUNTS

- 6.1 All invoices for payment shall be checked by the persons ordering and receiving the goods or services referred to on the invoice for delivery, quantity, quality and price. If all checks are satisfactory the invoice will be signed to that effect and passed without undue delay to the RFO.
- 6.2 The RFO shall examine invoices for arithmetic accuracy.
- 6.3 The RFO will prepare a list of accounts for payment for presentation to each Council meeting. This list will show all items for which payment is to be authorised at the meeting together with all amounts paid since the last meeting. In respect of each payment the list will show the payee, cheque number where applicable, details of the goods or services received, the cost of the goods or services, the VAT thereon and the total payment. The RFO will present supporting documentation for all payments and all bank statements received since the last meeting.
- 6.4 If the list and supporting documentation is in order it shall be authorised by a resolution of the Council and shall be initialled by the Councillors authorised to approve the payments. If more appropriate the detail may be shown in the minutes of the meeting. To indicate agreement of the details shown on the

cheque or other order for payment with the invoice or similar documentation the signatories shall also initial those documents.

- 6.5 Payments necessary between meetings may be authorised and payment made by any two Councillors on production of an approved invoice or a wages calculation sheet. The signatories must ensure at the next Council meeting that the payment(s) they have authorised is/are included on the list of accounts for payment.
- 6.6 Individual payments of [£2,500] or more will not be made without independent evidence of the payee's bank account details. This will not refer to regular payments to HM Revenue & Customs.
- 6.7 Other than floats for change and petty cash at the swimming pool (for which VAT receipts must be obtained where applicable and sent to the RFO when requested) the Council will not maintain any form of cash float and all receipts must be banked intact. Payments to maintain the swimming pool petty cash float shall be shown separately on the schedule of payments presented to Council under 6.3 above.
- 6.8 Expenditure by Councillors and staff on behalf of the Council will be reimbursed on presentation of vouchers
- 6.9 If thought appropriate by the Council, payment may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the council at least annually.

7 PAYMENT OF SALARIES

- 7.1 All rates of pay will be approved by the Council.
- 7.2 The Clerks', RFO's and village caretaker's time sheets will be approved by the Council. The time sheets of swimming pool employees will be approved by a Councillor authorised to do so by the Council.
- 7.3 All salaries and wages will be paid in accordance with the approved rates of pay and authorised timesheets. Tax, National Insurance and any other authorised deductions will be deducted and paid over to the appropriate authorities in accordance with current legislation.

8 LOANS AND INVESTMENTS

- 8.1 All loans and investments shall be in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.2 The Council shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Policy shall be reviewed at least annually.

- 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. The terms and conditions of borrowings shall be reviewed at least annually.
- 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 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, RFO or appropriate committee.
- 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 intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers in a timely manner.
- 9.6 The origin of each receipt shall be entered in the Council's financial records.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The RFO shall promptly complete VAT Returns in accordance with current legislation.
- 9.9 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.
- 9.10 A Councillor shall be authorised to check, on a sample basis, that swimming pool bankings agree with the till reports.

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 Clerk.

- 10.3 All members and Officers are responsible for obtaining value for money at all times. An officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction. Where practicable three quotations or estimates shall be obtained from appropriate suppliers, subject to any de minimis provisions in Regulation 11 (I) below.
- 10.4 The RFO or Clerk 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 or Clerk 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 Every contract shall comply with these financial regulations, and no exceptions shall be made, otherwise than in an emergency, provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:
- (i) for the supply of gas, electricity, water, sewerage, telephone and internet services;
 - (ii) for specialist services such as are provided by solicitors, accountants, surveyors, planning consultants and other professionals;
 - (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 additional audit work of the internal or external auditor up to an estimated value of £250 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of Council);
 - (vi) for goods or materials which are proprietary articles and/or are only sold at a fixed price.
- 11.2 Where it is intended to enter into a contract expected to exceed £10,000 in value for the supply of goods or materials or for the execution of works or services other than such goods, materials, works or specialist services as are excepted as set out in paragraph 11.1 the Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.
- 11.3 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.

- 11.4 Such invitation to tender shall state the general nature of the intended contract. When the Council considers it necessary and so authorises, the Clerk shall obtain technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk at the Council's address. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- 11.5 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.
- 11.6 If less than three tenders are received for contracts above £10,000 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.
- 11.7 Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 18.
- 11.8 When it is to enter into a contract not exceeding £10,000 in value for the supply of goods or materials or for the execution of works or services other than such goods, materials, works or specialist services as are excepted as set out in paragraph 11.1 the Clerk or RFO shall
- (i) in the case of a contract with a value of £2,500 or more, make reasonable efforts to obtain 3 written quotations, such quotations to contain details of the work to be done and the materials to be used.
 - (ii) in the case of a contract with a value over £500 but less than £2,500, make reasonable efforts to obtain 3 written estimates, such estimates to contain details of the work to be done and the materials to be used.
 - (iv) In the case of a contract with a value not exceeding than £500 to use a contractor included in the Council's list of approved contractors.
- 11.9 The Council shall not be obliged to accept the lowest, or most economically advantageous, or any tender, quotation or estimate.
- 11.10 In the case of contracts expected to exceed a value of £10,000 the contract will include a clause for a retention of at least 5% of the contract sum for a period of at least 6 months.

12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 12.1 Payments on account of the contract sum shall be made in accordance with the terms of the contract.

12.2 In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, 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 and Clerk to the Contractor in writing.

13 STORES AND EQUIPMENT

13.1 The officer in charge of each section 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 ASSETS, PROPERTIES AND ESTATES

14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council and 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 current legislation.

14.2 The RFO shall ensure that an appropriate and accurate register of assets and investments is kept up to date. The continued existence of tangible assets shall be verified at least annually.

14.3 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 the annual risk assessment, the Council shall decide what insurance cover is necessary and the sums to be insured. The RFO shall effect all insurances in accordance with the Council's decisions and negotiate all claims through the Council's insurance brokers.

15.2 The Clerk shall give prompt notification to the RFO 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 present a schedule to the Council every year.
- 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 the Council's insurance brokers immediately and to the Council at the next available meeting.
- 15.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the risk exposure as determined by the Council.

16 CHARITIES

- 16.1 Where the Council is sole trustee of a Charitable body the RFO 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 current legislation, or as determined by the Charity Commission. The RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.
- 16.2 The RFO shall ensure that all accounts and other returns are made in accordance with current legislation.

17 RISK MANAGEMENT

- 17.1 The council is responsible for putting in place arrangements for the management of risk. The Clerk with the RFO shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the council, other than for the swimming pool, hard play area and playing field which will be prepared by the Council's leisure facilities manager. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.
- 17.2 When considering any new activity, the Clerk with the RFO and leisure facilities manager shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

18 PENSIONS

- 18.1 The RFO shall ensure that the Council complies with all pension legislation.

19 BOOK AND RECORDS

- 19.1 Books and records may be destroyed after the appropriate number of years in accordance with current legislation.

20 REVISION OF FINANCIAL REGULATIONS

- 20.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations

History of changes

Version	Date	Change detail
03	05/12/2023	Approved at Parish Council meeting, minute number 145/23
02	14/05/2019	Approved at Parish Council meeting, minute number 019/19.4
01	01/04/2015	Approved at Parish Council meeting, minute number 009/15