



BOURNHEATH PARISH COUNCIL

FINANCIAL REGULATIONS

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Adopted 25/03/2014

1. General

- 1.1. These financial regulations govern the conduct of the financial transactions of Bournheath Parish Council 'the Council' and may only be amended or varied by a resolution of the Council.
- 1.2. The Clerk to the Parish Council shall be the Council's Responsible Financial Officer 'RFO'.
- 1.3. The RFO, under the direction of the Council, shall be responsible for the proper administration of the Council's financial affairs.
- 1.4. The RFO shall be responsible for the production of financial management information.

2. Annual Estimates

- 2.1. Detailed estimates of all receipts and payments and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Council
- 2.2. The draft budget shall be reviewed by the Council not later than the end of January in each year together with such information as considered necessary for the Council to determine the precept for the ensuing financial year.
- 2.3. The Council shall consider the budget and agree the precept for the ensuing financial year at a meeting in January.

3. Budgetary Control

- 3.1. Expenditure on revenue items may be incurred up to the amounts included in the approved budget or additional on the explicit instruction of the Council or as required in paragraph 3.3.
- 3.2. The RFO shall regularly, and at least quarterly, provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.
- 3.3. 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, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The RFO shall report the action to the Chairman of the Council as soon as practicable and it shall be recorded in the minutes of the next meeting of the Parish Council.
- 3.4. Unspent budgetary provisions will not be carried forward to a subsequent year.
- 3.5. 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 and the expenditure has been approved by the Council, or the requisite borrowing approval has been obtained.
- 3.6. All capital works shall be administered in accordance with the Council's Standing Orders on contracts and any relevant statutory financial regulations relating to contracts and tenders.

4. Accounting and Audit

- 4.1. All accounting procedures and financial records of the Council shall be provided by the RFO in accordance with the prevailing Accounts and Audit Regulations.
- 4.2. The RFO shall complete the annual financial statements of the Council, including the Council's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
- 4.3. The RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission or any subsequent authority) and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the prevailing Accounts and Audit Regulations or Auditor.
- 4.4. The RFO shall ensure that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices.
- 4.5. The Independent Internal Auditor, appointed by the Council and as required by the prevailing Accounts and Audit Regulations, shall carry out the work required 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 or its successor. The Independent Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the Council in writing with a minimum of one annual report in respect of each financial year.
- 4.6. 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 as required by the prevailing Accounts and Audit Regulations.
- 4.7. 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.
- 4.8. The RFO shall maintain a register of capital assets (tangible items of property with a useful life exceeding one year). This register will be reviewed and verified at least annually by the Council.

5. Banking Arrangements and Procedures

- 5.1. The Council's banking arrangements shall be made by the RFO approved by the Council and regularly reviewed for efficiency.
- 5.2. A schedule of the payments required shall be prepared by the RFO/Clerk and presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council, initialled by the Chairman of the Meeting and the members who are to authorise payment and recorded in the Minutes of the Meeting.
- 5.3. Three Councillors shall be appointed at the annual meeting of the Parish Council as the authorised Councillors to sign cheques and authorise online payments and they must be included on the 'bank mandate'.
- 5.4. All payment slips shall be initialled by two authorised Councillors.
- 5.5. Where a payment is to be made by cheque the cheque will be signed by two authorised Councillors who shall also initial the counterfoil.

5.6. Wherever possible payments will be made using online banking. The following paragraphs set out the principles and procedures of operation of the online account with particular attention to the raising of payment requests and their authorisation. The actual process of operating the online account will be subject to the rules and security authorisation process of the agreed bank.

A. The on-line bank account will be operated on the following basic principles:

- a) The RFO will raise payment requests
- b) Two of the three authorised Councillors will action the payments online

B. The raising of payment requests and action will apply to:

- a) New Direct Debits and amendments to any existing Direct Debits (see C below)
- b) New Standing Orders and amendments to any existing Standing Orders (see C)
- c) Payment of accounts (Regulation 6)
- d) Topping up of pre-paid cards (see D below)

C. Regular payments within the annual budget should wherever possible be paid by Direct Debit or Standing Order.

- a) This authority will automatically renew from year to year provided the total expected annual payment remains within that year's annual budget
- b) If at any time within a budget year it appears that the total expenditure on any item paid by Direct Debit or Standing Order is likely to exceed the budget, then specific authorisation for the overspend must be sought from the Council before any amendments to regular payments are made.

D. Pre-paid Debit card:

If the Council takes on the option to acquire a pre-paid card i.e. a card that can be "loaded" with a defined sum and then used to order items wherever a normal debit/credit card would be accepted (e.g. on-line or in shops etc.) up to the sum on the card, then the following principles apply:

- a) The RFO will be able to operate the pre-paid card
- b) The sums in (i) and (ii) below will be reviewed on an annual basis by the Parish Council
 - i. When the sum on the card drops below £100 it will be topped up to £200 using the normal request and authorisation process as defined in A above.
 - ii. The RFO may use the pre-paid card to purchase small items up to a cost of £100 under 3.1 and 3.3 above.
 - iii. Where the Council has determined that a specific item of expenditure will be paid for with the card then the actual cost of that item will be transferred to the card by the normal authorisation process

E. Income received:

- a) Cheques and cash will be paid into the account using the procedures defined by the bank. A record of receipts and bank paying-in slip will be kept by the RFO.
- b) BACS payments can also be made direct into the current account. It is the responsibility of the RFO to check these payments have been received and recorded.

5.7. A nominated Councillor will undertake a termly internal audit including a check of the monthly bank reconciliation statements and this will be recorded in the minutes of any subsequent meeting of the Council.

6. Payment of Accounts

- 6.1. Payment of money due from the Council will be made from the Council's bank account as set out in these Regulations.
- 6.2. Before payment of accounts is made the RFO should be satisfied that the goods have been received, are in accordance with the specification, that the account is correctly made out and that the relevant expenditure has been properly incurred.
- 6.3. All expenditure shall be authorised by resolution of the Council, except where otherwise provided in the Council's Standing Orders or these regulations.
- 6.4. The RFO may incur expenditure or make payments on behalf of the Council without prior approval in the following circumstances:
 - Where emergency action is required subject to a limit of £500;
 - Where payment is necessary to avoid a penalty or interest payment under a contract or statutory provision and the RFO is satisfied that there is no dispute or other reason to delay payment.

Any such payments made must be reported to the Council at the next meeting.

7. Payment of Salaries

- 7.1. Salaries will be paid monthly by standing order and in accordance with the terms agreed in the contracts with the Parish Council.
- 7.2. Staff members will receive a monthly salary slip detailing their gross pay, the amount of deductions (tax, national insurance, pension, student loan etc), any rebate, net pay and cumulative total for the year.
- 7.3. A copy of the monthly salary payment slips including deductions for tax, national insurance and pensions shall be reported on, and included with, the payment schedule presented to the Council at each meeting and will be checked and initialled by both of the nominated Councillors.
- 7.4. The RFO is responsible for keeping all salary information up to date, including details of income tax, national insurance, pensions and national pay awards; and for submitting the monthly Real Time Information (RTI) returns to HMRC.

8. Income

- 8.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 8.2. All sums received on behalf of the Council shall be banked intact and as soon as is practicable.
- 8.3. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 8.4. The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 or subsequent legislation shall be made at least half-yearly coinciding with the financial year end.
- 8.5. 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, and that appropriate care is taken in the security and safety of individuals banking such cash.

9. Investments and loans

- 9.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 9.2 The Council's Investment Policy, shall be in accordance with the Trustee Act 2000 or any subsequent legislation and shall be reviewed on a regular basis.
- 9.3 All investments of money under the control of the Council shall be in the name of the Council.
- 9.4 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 Council as to terms and purpose.
- 9.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

10. Ordering procedures

- 10.1. An official purchase order shall be issued by the RFO for all work, goods and services unless a formal contract is to be prepared or where an official order would be inappropriate. Copies of purchase orders shall be retained.
- 10.2. The purchase orders shall be individually numbered and controlled by the RFO.
- 10.3. All Councillors and Officers are responsible for obtaining value for money at all times. When issuing an official order the RFO must ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction
- 10.4. The RFO shall verify the lawful nature of any proposed purchase before the issue of any purchase 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 (when the General Power of Competence cannot be used).

11. Contracts

- 11.1 Procedures as to contracts are laid down as follows:
 - (a) 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 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 additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chairman of Council);
 - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
 - (b) Where it is intended to enter into a contract exceeding £5,000 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 set out in (a) above the RFO shall invite tenders from at least three contractors.

- (c) 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.
- (d) 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 in the ordinary course of post. Each tendering firm shall be supplied with a marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- (e) 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.
- (f) If fewer than three tenders are received for contracts above £5,000 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.
- (g) Any invitation to tender shall state it is unacceptable to canvass the support of, or seek recommendations by, members of officers of the Council.
- (h) When it is to enter into a contract for less than £5,000 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 set out in paragraph (a) above the RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £500 the RFO shall seek to obtain 3 estimates..
- (i) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

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 (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. 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 of 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, the Council being informed where the final cost is likely to exceed the financial provision.

13. Properties and estates

- 13.1 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 the prevailing Accounts and Audit Regulations.
- 13.2 No property (Council asset) 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 £100.

