

Turville Parish Council

FINANCIAL REGULATIONS

as approved at the council meeting held on 12 May 2016

For the purposes of this document, council means Turville Parish Council and 'chairman' means chairman of the council.

In these financial regulations:

- references to the Accounts and Audit Regulations shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force or any subsequent legislation. The Act has been supplemented by the Local Audit and Accountability Act 2014, the Local Audit (Smaller Authorities) Regulations 2015, Accounts and Audit (England) Regulations 2015 and Smaller Authorities (Transparency Requirements) Regulations 2015.
- the term 'proper practice' or 'proper practices' shall refer to guidance issued in *Governance and Accountability in local Councils in England and Wales – a Practitioners' Guide* published jointly by NALC and SLCC and updated from time to time (current edition: *Governance and Accountability for Smaller Authorities in England 2016*).

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. The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of financial control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the council meets these responsibilities.
- 1.2 The Local Government Act 1972 (LGA), s 151 requires the council to make arrangements for the proper administration of its financial affairs and secure that one of its officers has responsibility for the administration of those affairs (the Responsible Financial Officer (RFO)). Other legislation requires the RFO to carry out certain tasks and duties. The council has appointed its parish clerk as RFO.
- 1.3 The RFO, acting under the policy direction of the council, shall administer the council's financial affairs in accordance with proper practices.
- 1.4 The RFO shall determine on behalf of the council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the council are maintained and kept up to date in accordance with proper practices.
- 1.5 The RFO shall produce financial management information as required by the council.
- 1.6 At least once a year, prior to approving the annual return, the council shall review the effectiveness of its system of internal control as determined under 1.4.

2. ANNUAL BUDGET

- 2.1 The RFO shall prepare for consideration by the council in November each year estimates of all receipts and payments, including the use of reserves, and all sources of funding for the in

the form of a budget and cash flow forecast for the financial year beginning in the following April and the ensuing two years.

- 2.2 No later than January in each year, the council shall approve the budget and the precept to be levied for the financial year beginning in the following April.
- 2.3 The RFO shall issue the precept to Wycombe District Council and shall supply each member of the council with a copy of the approved budget.

3 BUDGETARY CONTROL

- 3.1 The annual budget shall form the basis of financial control for the ensuing year.
- 3.2 At each ordinary meeting, the RFO shall provide the council with a statement showing:
 - a. the councils' actual receipts and payments for the year to date;
 - b. the actual amounts of the council's bank balances after taking into account its actual receipts and payments for the year to date;
 - c. the council's estimated receipts and payments for the current financial year showing a comparison with the budget for that year;
 - d. the estimated bank balances at the end of its current financial year after taking account of its estimated receipts and payments for the year;
 - e. the estimated amount of the council's general and specific reserves at the end of its current financial year after taking into account its estimated receipts and payments for the year.
- 3.3 During any year, the council shall also have regard to a three year forecast of receipts and payments.
- 3.4 During any year, the council may approve expenditure in excess of the amount included in the budget or a budget heading provided that it has considered fully the implications for public services, the estimated income and expenditure for the current year and, if appropriate future periods, and the availability of reserves.
- 3.5 With the prior agreement of the chairman, the parish clerk may incur expenditure on behalf of the council which is necessary to carry out any repair, replacement or other work provided that the work is of such extreme urgency that it must be done at once and that the amount of expenditure does not exceed the unspent amount for such items in the budget for the current year. The clerk shall report the action to the council as soon as practicable thereafter.

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations 2015.
- 4.2 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 proper practices.
- 4.3 The RFO shall submit the annual financial statements of the council, including the council's annual return, and the other information required by 4.8 below, for the year to 31 March in each year for approval by the council at its ordinary meeting in the ensuing May of each year.
- 4.4 The council shall appoint a suitably qualified and independent internal auditor who is free from any conflicts of interest and has no involvement in the financial decision-making or

management or control of the council. The internal auditor shall carry out the work required by the council in accordance with proper practices. The internal auditor shall report to the council in writing, or in person. The council shall consider the report of the internal auditor before it approves the annual financial statements of the council and the council's annual return for the year to 31 March.

- 4.5 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 Until 1st April 2017 the external auditor shall be appointed by the Audit Commission.
- 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 Audit Commission Act 1998 and the Accounts and Audit Regulations 2015.
- 4.8 As required by the Transparency Code for Smaller Authorities, no later than 1 July each year, the RFO shall arrange for the following information to be published on the council's website:
- a. signed statements of the accounts according to the format used in the annual return;
 - b. the bank reconciliation for the relevant financial years;
 - c. an explanation of any significant variances (more than 10-15%) in the statement of accounts for the relevant year and the previous year;
 - d. an explanation of any differences between balances carried forward and total cash and short-term investments; and
 - e. details of all items of expenditure in excess of £100 (see 4.9).
- 4.9 For each item of expenditure above £100 the following information must be published:
- a. date expenditure was incurred
 - b. summary of the purpose of the expenditure
 - c. amount and
 - d. Vat that cannot be recovered.
- 4.10 The RFO shall bring to the attention of all councillors at its next ordinary meeting any correspondence or report from the internal or external auditor, unless the correspondence is of a purely administrative matter.

5. THE EXERCISE OF PUBLIC RIGHTS

- 5.1 The council must inform the electorate of a 30 working day period during which the electors' rights may be exercised.
- 5.2 As required by the Accounts and Audit Regulations 2015, the RFO must ensure that commencement of the period for the exercise of public rights (which is 30 days) to examine the councils statement of accounts includes the first 10 working days of July of the financial year immediately following the end of the financial year to which the statement relates.

6. BANKING ARRANGEMENTS AND CHEQUES

- 6.1 The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council.
- 6.2 All payments shall be effected by cheque or other order drawn on the council's bankers. Electronic payments with suitable internal controls should not be excluded.
- 6.3 All cheques shall be signed by two members of council.
- 6.4 The Council shall not maintain any form of cash float.

7 PAYMENT OF ACCOUNTS

- 7.1 All invoices for payment shall be examined, verified and certified by the RFO. The RFO shall satisfy himself or herself that the work, goods or services to which the invoice relates shall have been received or carried out, examined and approved and with the arithmetic accuracy of the invoices. The RFO shall classify them to the appropriate expenditure heading.
- 7.2 Any claim for expenses incurred directly by the clerk (for example for postage or stationery items) shall be supported by appropriate vouchers. The chairman or another councillor shall examine, verify and certify the claim and satisfy himself or herself with its arithmetical accuracy. The RFO shall classify the claim to the appropriate expenditure heading.
- 7.3 Any claims for expenses incurred directly by a councillor (for example, travel) shall be supported by appropriate vouchers as agreed at the full council meeting 7/11/12:
- a. councillors are able to claim for mileage expenses at the tax free allowance rate, when attending meetings outside the parish.
 - b. councillors are able to claim for printing and stationery expenses on submission of receipts.
 - c. all receipted expenses to be claimed in arrears and approved by full council.
- The RFO shall examine, verify and certify the claim and satisfy himself with its arithmetic accuracy. The RFO shall analyse the claim to the appropriate expenditure heading.
- 7.4 The RFO shall prepare a schedule of the payments required for approval by the council at each ordinary meeting. The schedule shall be accompanied by the relevant invoices, expense claims, vouchers and similar documentation.
- 7.5 The approval of the payments shall be recorded in the minutes of the meeting. For each individual item of expenditure above £100, the minutes shall record the date the expenditure was incurred, a summary of the purpose of the expenditure, the amount and any value added tax which cannot be recovered.
- 7.6 The signatories to each cheque or other payment shall indicate their agreement to the amounts and nature of payments by initialling the invoice, expense claim or similar documentation and the cheque stub.

8 PAYMENT OF SALARIES

- 8.1 The payment of all salaries shall be made in accordance with PAYE and National Insurance legislation and regulations.
- 8.2 The amounts of salaries and any related allowances payable to employees shall be approved by the council.

8.3 The RFO shall calculate the amounts of salaries and other allowances net of any PAYE and national insurance payable to employees and the amount of PAYE and national insurance payable to HMRC.

8.4 Payment of salaries and other allowances to employees and payment of PAYE and national insurance to HMRC, shall be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts. When such payments are made by cheque, the payments and cheques shall be approved in accordance with 7.4 to 7.6 above. Regular salary payments may be paid by standing order provided that the mandate has been approved by the council and signed by two members of council and that the payments are reported to, and ratified by, the next ordinary meeting of the council..

9 INCOME

9.1 The RFO shall collect all sums due to the council. The RFO shall satisfy himself or herself with the accuracy of the amounts received and receivable and classify them to the appropriate income heading.

9.2 All sums received on behalf of the council, whether by cash or cheque, shall be banked intact by the RFO within the working month.

9.3 The origin of each receipt shall be entered on the paying-in slip and the accounting records.

9.4 The RFO shall report to the council at each ordinary meeting all items of income which are due to the council but which have not been received.

9.5 The RFO shall submit any VAT repayment claim due in accordance with VAT Act 1994 section 33 at least annually.

10 ORDERS FOR WORK, GOODS AND SERVICES

10.1 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order. In the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority is reported to the meeting at which the order is approved so that the minutes can record the power being used.

10.2 The parish clerk shall issue a written contract for the order of all work, goods and services when the value of that order exceeds £500. Smaller orders shall be confirmed by email or letter unless the council decides that a contract is should be issued. The RFO shall retain copies of all orders and contracts.

10.2 All councillors and the clerk are responsible for obtaining value for money at all times.

11 CONTRACTS

11.1 When the council intends to enter into a contract for the supply of goods, materials or services for £1,000 or more in value, the RFO shall invite tenders from at least three firms or individuals.

11.2 Invitations to tender shall state the nature of the goods, materials or services, the time and manner of delivery and any other relevant facts. The invitation shall require that all tenders should be addressed to and sent to the clerk.

11.3 If fewer 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, materials or services.

- 11.4 When the council intends to enter into a contract for the supply of goods, materials or services for less than £1,000 in value the RFO shall obtain sufficient quotations to satisfy the council that it has obtained value for money.
- 11.5 When the council intends to enter into a contract for the supply of goods, materials or services for more than £10,000 in value, the council shall agree in advance of seeking tenders the number of tenders it shall seek and its process for the receipt, evaluation and consideration of those tenders.
- 11.6 The council shall not be obliged to accept the lowest or any tender, quote or estimate.

12 ASSETS

- 12.1 The RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the council.
- 12.2 The RFO shall ensure a record is maintained of all assets 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 Accounts and Audit Regulations 2015.
- 12.2 No asset shall be sold, leased or otherwise disposed of without the approval of the council, together with any other consents required by law.
- 12.3 The RFO or a councillor appointed for this purpose shall verify the continued existence of the assets shown in the register annually and report the results of that verification, including the physical or other state of the assets, to the council prior to its approval of the asset register and annual return.

13 RISK MANAGEMENT

- 13.1 The council shall put in place arrangements for the management of risk. The RFO shall prepare, for approval by the council, risk management policy statements in respect of all activities conducted by or on behalf of the council. The council shall review the risk policy statements, its risk management arrangements and any need for insurance at least annually.
- 13.2 When considering any new activity, the RFO shall prepare a draft risk assessment related to that activity including risk management proposals for consideration and adoption by the council.

14 INSURANCE

- 14.1 Following the annual risk assessment (see 13), the RFO shall review the council's insurances and propose to the council any changes to those arrangements.
- 14.2 Irrespective of the outcome of the risk assessment, the council shall include all employees of the council in a suitable fidelity guarantee insurance for the maximum risk exposure as determined by the council.
- 14.3 The RFO shall keep a record of all insurances effected by the council and the assets and other risks covered
- 14.4. When the RFO is notified or otherwise becomes aware of any loss, liability or damage or of any event likely to lead to a claim, the RFO shall report these to council at the next available meeting. The RFO shall negotiate all claims on the council's insurers in consultation with the chairman or another councillor appointed for this purpose.

15 REVISION OF FINANCIAL REGULATIONS

- 15.1 The council shall review these financial regulations from time to time, when required by changes in legislation, or decisions of the council.
- 15.2 The RFO shall monitor changes in legislation or proper practices and shall advise the council of any requirement for a consequential amendment to these financial regulations.