

## **HATFIELD PEVEREL PARISH COUNCIL**

### **FINANCIAL REGULATIONS**

#### **1. GENERAL**

- 1.1 These financial regulations shall govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.
- 1.2 The Clerk also fulfils the duties of Responsible Financial Officer (RFO). The 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 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 Working Party and Committee (if any) shall formulate and shall submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of September each year.
- 2.2 Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account shall be prepared each year by the RFO and submitted to the November Council Meeting together with a recommended Precept for the ensuing financial year.
- 2.3 The Council shall review the estimates not later than the January meeting of the Council and shall fix the Precept to be levied for the ensuing financial year. 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.

#### **3. BUDGETARY CONTROL**

- 3.1 Expenditure may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred which will exceed the amount provided in the budget. The Clerk may, with the approval of the Council, vire between subheads.
- 3.3 The RFO shall periodically provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.

- 3.4 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair or 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 Clerk shall report such action to the Council as an agenda item at its next meeting.
- 3.5 The Council shall determine to what extent unspent balances in the budget shall not be carried forward to a subsequent 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 the Accounts and Audit Regulations 1996 as amended.
- 4.2 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 to and report thereon to the 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 timescales set by the Accounts and Audit Regulations 1996 as amended, or set by the Auditor.
- 4.4 The Council shall be responsible for ensuring that there is 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 as amended.
- 4.5 The Council shall appoint an Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the Council in writing on a regular basis with a minimum of one annual report in each financial year. The Internal Auditor shall carry out the work required by the RFO, or 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.
- 4.6 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.

- 4.7 The 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 1996 as amended.
- 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 AND CHEQUES**

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of the payments required, forming part of the Agenda for Meeting, shall be prepared by the RFO and, together with the relevant invoices, be presented to the Council. 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. If more appropriate the detail may be shown in the Minutes of the Meeting.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, shall be signed by two members of the Council.
- 5.4 Any transfers between the Council's various Bank Accounts shall be carried out at the discretion of the RFO.

## 6. **PAYMENT OF ACCOUNTS**

- 6.1 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 Clerk. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk 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 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 the Council, where the Clerk and the RFO certify that there is no dispute or other reason to delay payment, the Clerk 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 the Council. Any claim for expenses incurred by any members of the Council in carrying out their duties on behalf of the Council shall be submitted to the RFO by such member(s) as soon as possible thereafter together with full supporting receipts and information.

- 6.5. The Council will not maintain any form of cash float. All cash received must be banked intact.

## **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 the Council. Cheques for salaries and wages shall be submitted to the Council at its monthly meetings as appropriate in accordance with the salary and wages rates approved by the Council at its Annual Parish Council Meeting and supported where necessary with timesheets.

## **8. INVESTMENTS**

- 8.1 All investments and loans shall be negotiated by the RFO in the name of the Council, and shall be for a set period in accordance with Council policy or normal practice. Changes to investments shall be reported to the Council at its monthly meeting.
- 8.2 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).
- 8.3 All investments of money under the control of the Council shall be in the name of the Council.
- 8.4 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.
- 8.5 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 The Council will review all fees and charges annually, following a report of the Clerk and the RFO shall be responsible for the collection of all accounts due to the Council.
- 9.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.4 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 with such frequency as the RFO considers necessary.
- 9.5 The origin of each receipt shall be entered on the paying-in slip.
- 9.6 Personal cheques shall not be cashed out of money held on behalf of the Council.

- 9.7 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 at least annually coinciding with the financial year end.
- 9.8 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.
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 e.g. small purchases of materials. Copies of orders shall be retained.
- 10.2 All members and Officers are responsible for obtaining value for money as all times. An officer issuing an official order is to 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 minimis provisions in Regulation 11 (1) below.

## 11 **CONTRACTS**

- 11.1 Procedures as to contracts are laid down as follows:
- (a) Every contract shall comply with these Financial Regulations except in the case of emergency or in the following cases (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 which are sold only at a fixed price.

- (b) Where it is intended to enter into a contract(:)
  - (i) exceeding £1000 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 excepted as set out in paragraph (a) the Clerk shall invite quotations from at least three firms.
  - (ii) For expenditures of £1000 or less in value the Chairman or Vice Chairman of the Council together with the Clerk shall have executive power to determine the number of quotations required.
- (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

## 11.2 Sealed Tenders

- (a) Should the Council decide to invite sealed tenders such invitation to tender shall state the general nature of the intended contract and the Clerk 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 Clerk and the last date by which tenders should reach the Clerk 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.
- (b) 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 the Council.
- (c) If less than three tenders are received 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.

11.3 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 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 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 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. PROPERTIES AND ESTATES**

14.1 The Clerk 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 property does not exceed £100

### **15. INSURANCE**

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

15.2 The Clerk/RFO shall give prompt notification to the Council 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, injury or damage or of any event likely to lead to a claim, and shall report these to 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 maximum risk exposure as determined by the Council.

### **16. CHARITIES**

16.1 Where the Council is sole trustee of a Charitable body the RFO and the Council 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 Charity Law and 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 Department.

17. **RISK MANAGEMENT**

- 17.1 The Clerk with the Council shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 17.2 When considering any new activity the Clerk and the Council shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if though appropriate, adoption.

18. **REVISION OF FINANCIAL REGULATIONS**

- 18.1 It shall be the duty of the Council to review the Financial Regulations of the Council from annually at its Annual Parish Council Meeting.