

Twyford Parish Council – Financial Regulations

Responsible Clerk (as Responsible Financial Officer)

Version No. 3

Prepared by Clerk

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Summary Of Revisions Made	Version	Date
Re-adopted with change to Page 2 (3.4) expenditure limit of £500	1.00	10/05/2012
Proposed re-adoption without changes	2.00	16/05/2013
Proposed re-adoption without changes	2	2014
Proposed re-adoption without changes	2	2015
Amended to enable Internet banking practices, to clarify emergency payment procedures, adopt review of effectiveness of Internal Audit; raise the threshold for tendering to £60,000 and adopt page footer and numbering and various other minor textual changes for consistency of terminology.	3	16 th June 2016
Readopted without amendment	3	25 th May 2017

TWYFORD 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. 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 Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council. The Clerk has been appointed as RFO for this Council and these Financial Regulations will apply accordingly. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. 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.
- 1.3 The RFO shall produce financial management information as required by the Council.
- 1.4 At least once a year, prior to approving the annual return, 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, 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.
- 1.6 In these Financial Regulations 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 which is published jointly by NALC and SLCC and updated from time to time.

2. ANNUAL ESTIMATES (BUDGET)

- 2.1 Each Committee of the Council shall formulate and submit proposals to the RFO for collation, review by the Finance Committee and submission for agreement by the Full 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 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year, for the following financial year, by the RFO in the form of a budget to be considered by the Council.

- 2.3 The Council shall approve the budget not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the Precept to the billing authority and shall supply each member of the Council (referred to in these Regulations as “Councillor”) with a copy of the Approved Budget.
- 2.4 The annual Approved Budget shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall consider the need for and shall have regard to a three year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual budget.

3 BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the Approved Budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue Approved Budget. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- 3.3 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the Approved Budget. These statements are to be prepared at least at the end of each financial quarter.
- 3.4 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 Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the Council.
- 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 these 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 in accordance with the 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 duly appointed External Auditor) and shall submit the Annual Return for

approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.

- 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. Any officer or Councillor 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 reasonably considers necessary for that purpose.
- 4.5 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 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.
- 4.6 The Council shall carry out a review of the effectiveness of internal audit on an annual basis in accordance with the Accounts and Audit Regulations currently in force.
- 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 the Audit Commission Act 1998 and the Accounts and Audit Regulations.
- 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 and the prevention of crime. The RFO shall ensure that individuals no longer acting as a Councillor or officer of the Council are promptly removed from the Bank Mandate.
- 5.2 A schedule of the payments required, forming part of the Agenda for its meeting shall be prepared by the RFO and, together with the relevant invoices, be presented to the Full Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chair of the Meeting. If more appropriate the detail may be shown in the minutes of the meeting.
- 5.3 Cheques may only be drawn on the Council's bank account in accordance with the schedule referred to in Regulation 5.2, (unless required for a purpose covered by Regulation 3.4, or in accordance with Regulation 6.4), and shall be signed by two Councillors and countersigned by the RFO. Any cheque for expenditure in accordance with Regulation 3.4, if drawn prior to approval of the expenditure in accordance with Regulation 5.2 shall be signed by at least one member of the Council's Finance Committee.

- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.
- 5.5 Where Internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator who shall have responsibility for maintaining the banking system's record of permissions for all officers and Councillors granted access by the Council to the Council's bank accounts on a 'read only' or other basis.
- 5.6 Access to any Internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for Council banking work. Breach of this Regulation will be treated as a very serious matter under these Regulations.
- 5.7 The RFO shall maintain the Internet banking list of payment beneficiaries and take particular care to ensure the accuracy of their unique identifiers (sort code and account number). Changes to account details for suppliers, which are used for Internet banking may only be changed on written hard copy notification by the supplier and supported by suitable authority for the change. Any payment to a wrong account shall be reported immediately upon its identification to the bank and the Council and for material errors the Council's insurer.
- 5.8 The Receipts and Payments records should be reconciled to bank statements on a monthly basis. Every such reconciliation should be reviewed by a member of the Finance Committee who shall confirm that every payment by Internet banking was approved in accordance with Regulation 5.2 (or was required for a purpose covered by Regulation 3.4 and included in the schedule approved by the next Council Meeting.
- 5.9 No Councillor or the RFO shall disclose any banking PIN or password, or share any personal security device relevant to the working of the Council's bank accounts, to any person.
- 5.10 The RFO and any Councillor using computers for the Council's financial business shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used. Internet access to the Council's banking accounts shall only be through a secure Internet terminal and connection.

6 PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by the RFO or a Councillor granted access under the Banking Mandate to the Council's Internet banking arrangements unless a cheque or other order is drawn on the Council's bankers.
- 6.2 All invoices for payment shall be examined, verified and certified by the RFO. The RFO shall satisfy themselves 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 RFO shall take all steps to secure approval to settle all invoices submitted, and which are in order, at the next available Council Meeting.

- 6.4 If a payment of an invoice is necessary to secure action permitted under Regulation 3.4 or is required 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 Council, where the RFO certifies that there is no dispute or other reason to delay payment, the RFO may (notwithstanding Regulation 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 Council.
- 6.5 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.
- 6.6 Payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two Councillors and any payments made are reported (in accordance with Regulation 5.2) to the Council as made. Approval of the use of a variable Direct Debit shall be renewed by resolution of the Council at least every two years.

7 PAYMENT OF SALARIES

- 7.1 As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. 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.
- 7.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to and ratified by the next available Council Meeting.

8 LOANS AND INVESTMENTS

- 8.1 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.
- 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 Investment Policy shall be reviewed 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 the Council as to terms and purpose. The terms and conditions of borrowings shall be reviewed at least annually.
- 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 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 RFO.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be approved to 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 with such frequency as the RFO considers necessary.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 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.
- 9.9 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.

10 ORDERS FOR WORK, GOODS AND SERVICES

- 10.1 An official order or letter shall be issued for all work, goods and services received by the Council unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained by the RFO.
- 10.2 All Councillors 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, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 (1) below.
- 10.3 The 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, the RFO shall ensure that the statutory authority shall be reported to the Council 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 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 Chair and Vice Chair);
 - (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 £60,000 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 excepted as set out in Regulation 11.1 (a) the RFO shall invite tenders from at least three firms to be taken. For this purpose the Council shall first establish an appropriate approved list of potential suppliers.
- (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) Invitations 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 specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- (f) All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of at least one Councillor.
- (g) If less than three tenders are received for contracts above £60,000 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.
- (h) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Order 28.

- (i) When the Council is to enter into a contract less than £60,000 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 excepted as set out in Regulation 11.1(a) the RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £10,000 and above £500 the RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (2) above shall apply.
- (j) 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 RFO to the contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

13 ASSETS, 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 Accounts and Audit Regulations.
- 13.2 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 movable property does not exceed £50.
- 13.3 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 shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

14 INSURANCE

- 14.1 Following the annual risk assessment (per Financial Regulation 15), the RFO shall effect all insurances agreed by the Council. The RFO shall negotiate all claims on the Council's insurers.
- 14.2 The RFO shall give prompt notification to Councillors of all risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 14.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 14.4 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 Council at the next available meeting.
- 14.5 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.

15 RISK MANAGEMENT

- 15.1 The Council is responsible for putting in place arrangements for the management of risk. The RFO shall therefore prepare for any new material activity, a draft Risk Management Assessment for the activity, addressing the legal and financial liabilities and risk management issues that arise and shall bring it to Council for consideration and, if thought appropriate, adoption. Risk Management Assessments and consequential risk management mitigation by insurance or other significant arrangements shall be reviewed by the Council at least annually.
- 15.2 . The RFO shall prepare a draft Financial Risk Assessment to enable the Council to carry out a Financial Risk Assessment on an annual basis in accordance with the Accounts and Audit Regulations currently in force. The minutes shall record such review of the financial risks.

16 REVISION OF FINANCIAL REGULATIONS

- 16.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The RFO 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.