

COMBS PARISH COUNCIL (2019)
FINANCIAL REGULATIONS

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this table will be subject to adjustment

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. Financial regulations must be observed in conjunction with the Council's standing orders and any individual financial regulations relating to contracts.
- 1.2. 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 internal control which facilitates the effective exercise of the Council's functions, including arrangements for the management of risk.
- 1.3. The Council's accounting control systems must include measures:
 - for the timely production of accounts;
 - that provide for the safe and efficient safeguarding of public money;
 - to prevent and detect inaccuracy and fraud; and
 - identifying the duties of officers.
- 1.4. These financial regulations demonstrate how the Council meets these responsibilities and requirements.
- 1.5. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' means the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified. The term 'proper practice' or 'proper practices' refers to guidance issued in *Governance and Accountability for Local Councils - a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG)¹.
- 1.6. At least once a year, prior to approving the Annual Governance Statement, the Council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.7. The Parish Clerk is the Council's Responsible Financial Officer ('RFO') and is accordingly responsible for administering and managing the Council's financial affairs in accordance with proper practices and these Regulations.
- 1.8. The RFO
 - acts under the direction of the Council;
 - administers the Council's financial affairs in accordance with all Acts, Regulations and proper practices;
 - determines on behalf of the Council its accounting records and accounting control systems;
 - ensures the accounting control systems are observed;
 - maintains the accounting records of the Council up to date in accordance with proper practices;
 - assists the Council to secure economy, efficiency and effectiveness in the use of its resources; and
 - produces financial management information as required by the Council.

¹ Available from the websites of NALC and the Society for Local Council Clerks (SLCC).

- 1.9 The accounting records shall be sufficient to show and explain the Council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances or any other financial management information prepared for the Council from time to time complies with the Accounts and Audit Regulations.
- 1.10 The accounting records shall in particular contain:
- entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate;
 - a record of the assets and liabilities of the Council; and
 - wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
- 1.11 The accounting control systems shall include:
- procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible;
 - procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records;
 - identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions;
 - measures to ensure that risk is properly managed.
- 1.12 The Council shall not delegate any decision regarding:
- setting the final budget or the precept (Council tax requirement);
 - approving accounting statements;
 - approving the Annual Governance Statement;
 - borrowing;
 - writing off bad debts;
 - declaring eligibility for the General Power of Competence; and
 - addressing recommendations in any report from the internal or external auditors.
- 1.13 In addition the Council must:
- determine and keep under regular review the bank mandate for all Council bank accounts; and
 - approve any and all expenditure.

2 Financial Year and Annual Budget

- 2.1 The Council's financial year runs from 1st April to 31st March.
- 2.2 The RFO shall prepare a draft budget to finance the Council's plans and operations for the forthcoming year and submit such draft budget to the November Council meeting. The council shall determine the precept (council tax requirement) to be levied for the ensuing financial year by the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.

2.3 The approved annual budget shall form the basis of financial control for the ensuing year.

3 Budgetary Control

3.1 Other than emergency situations envisaged elsewhere in these Financial Regulations, no expenditure may be incurred without the approval of the Council.

3.2 During the financial year the Council may, by specific resolution, approve the reallocation of unspent and available amounts between budget headings or to an earmarked reserve as appropriate. Expenditure above the overall budgeted figure shall not be exceeded except in exceptional circumstances

3.3 The RFO may incur expenditure 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 £200. The RFO shall report the action to the Council as soon as practicable thereafter.

3.5 Unspent provisions in the budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the Council.

4 Reporting

4.1 After each quarter-end the RFO shall present to the next Council meeting a statement summarising:

- income and expenditure for that quarter;
- aggregate income and expenditure for the year to date;
- the balances held at the end of the quarter being reported, and
- a comparison with the budget for the financial year, highlighting actual and potential variances.

4.2 After the financial year-end the RFO shall prepare and submit to the Council the Annual Governance and Accountability Return ('the AGAR'), in accordance with proper practices. The AGAR, including the annual governance statement, shall be presented to the Council so that it may be approved and adopted before 30th June. A copy of the AGAR shall be sent to all Councillors at least 14 days before the meeting at which it will be considered.

5 Accounting and Audit (Internal and External)

5.1 All accounting procedures and financial records of the council shall be determined by the RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.

5.2 On a regular basis, at least once in each quarter, and at each financial year end, a member other than the Chairman or a cheque signatory shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Council.

- 5.3 The RFO shall complete the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and having certified the accounts shall submit them and report thereon to the council within the timescales set by the Accounts and Audit Regulations.
- 5.4 The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any officer or Councillor shall make available such documents and records as are deemed to be necessary for the purpose of the audit and shall supply the RFO, internal auditor, or external auditor with such information and explanation as are considered necessary for that purpose.
- 5.5 The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.
- 5.6 The internal auditor shall:
- be competent and independent of the financial operations of the council;
 - report to council in writing, or in person, on a regular basis with a minimum of one annual written report during each financial year;
 - to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
 - have no involvement in the financial decision making, management or control of the council.
- 5.7 Internal or external auditors may not under any circumstances:
- perform any operational duties for the council;
 - initiate or approve accounting transactions; or
 - direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
- 5.8 For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the same meaning as is described in proper practices.
- 5.9 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 5.10 The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

6. Banking Arrangements and Payment of Accounts

- 6.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be reviewed annually for efficiency and effectiveness. All instructions to the bank for payment of monies shall require signature by two authorised Councillors.
- 6.2 The RFO shall hold no cash float on behalf of the Council. If the RFO receives any Council income in cash it shall be paid directly into the Council's bank account.
- 6.3 All payments shall be made by cheque, standing order or direct debit.

- 6.4 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy himself that the work, goods or services to which the invoice relates have been received or carried out as required, and the invoice is payable.
- 6.5 The RFO shall examine invoices for arithmetic and other accuracy and shall allocate them to the appropriate expenditure heading. All invoices shall be listed on the agenda for the next Council Meeting and submitted for settlement. 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.
- 6.6 If a payment is necessary to avoid a charge of 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, the RFO and two authorised signatories may take all steps necessary to settle such invoices provided that these payments shall be reported to the next Council Meeting.

7. Payment of Salaries

- 7.1 The Clerk is the Council's only employee. As his employer, the Council shall comply with all PAYE and National Insurance laws and regulations.
- 7.2 Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance, pension contributions, shall be made in accordance with the payroll records and on the appropriate dates stipulated in the employment contract, provided that each payment is reported to and ratified by the next available Council Meeting.
- 7.3 No changes shall be made to the employee's pay, emoluments, or terms and conditions of employment without the prior consent of the Council.
- 7.4 Each and every payment of net salary to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:
- by any Councillor who can demonstrate a need to know;
 - by the internal auditor;
 - by the external auditor; or
 - by any person authorised under Audit Commission Act 1998, or any superseding legislation.
- 7.5 The Chairman, as the Clerk's line manager, shall maintain an effective system to monitor the Clerk's performance.

8 Loans and Investment

- 8.1 The Council has made no loans or investments, neither does it anticipate doing so in the foreseeable future. Should that situation change at any time, the Council shall consider what procedures and regulations should be put in place and incorporated into these Financial Regulations; failing which the procedures contained in the NALC Model Financial Regulations then in force shall be adopted.

8.2 The Council has no borrowings, neither does it anticipate the need to borrow in the foreseeable future. Should that situation change at any time, the Council shall consider what procedures and regulations should be put in place and incorporated into these Financial Regulations, failing which the procedures contained in the NALC Model Financial Regulations then in force shall be adopted.

9. Income

9.1 The collection of all sums due to the Council shall be the responsibility of the RFO.

9.2 The Council will review annually all standard fees and charges (in respect of, for example, the cemetery), following a report of the Clerk/RFO.

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 by the RFO.

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.

10. Procurement

10.1 An official order or letter shall be issued for all work, goods and services to be procured unless it is a project or major contract for which a bespoke contract is to be negotiated. Copies of orders shall be retained.

10.3 Having regard to the value of the procurement and all other circumstances, the Council shall consider whether obtaining more than one quote or estimate is appropriate, feasible or reasonable. The Council shall not be obliged to accept the lowest or any tender, quote or estimate

10.4 No Councillor may issue an official order or make any contract on behalf of the Council; only the Clerk is authorised to do that.

10.5 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 is reported to the meeting at which the order is approved so that the minutes can record the power being used.

10.6 If the Council resolves at any time to procure a project or other major contract (for example, significant construction work), it shall consider the following (as a minimum):

- Whether the Council has the requisite professional skills to hand a) to write an Invitation to Tender, b) to assess the tenders consequently received, and c) to manage the project to completion; and

- Whether the project will be subject to the Public Contracts Regulations 2015 (ie having at present values an estimated contract value of £25,000 or more).

10.7 In the case of a project or major contract, the Council shall consider and put in place appropriate procedures for payments (including stage payments, final payments and retention sums); failing which, they shall adopt the relevant provisions of the NALC Model Financial Regulations then in force.

11. Assets, Properties and Estates

11.1 The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties held by the Council. The RFO shall ensure a record is maintained of all properties held 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.

11.2 No tangible moveable property over the value of £250 shall be purchased or otherwise acquired, sold, leased or otherwise disposed of, without the authority of the Council, together with any other consents required by law. In each case a report in writing shall be provided to Council with a full business case.

11.3 No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law. In each case a report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case which shall include an appropriate level of consultation with the electorate.

11.4 No real property (interests in land) shall be purchased or acquired without the authority of the full Council. In each case a report in writing shall be provided to Council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case which shall include an appropriate level of consultation with the electorate.

11.5 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; it is recommended that such verification is combined with a health and safety inspection of assets.

12. Insurance

12.1 Following the annual risk assessment the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

12.2 The Clerk/RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

12.3 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.

12.4 All Councillors and the Clerk/RFO shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

13. Risk Management

- 13.1 The Council is responsible for ensuring that all risks to the Council are assessed thoroughly and managed effectively. Each year, at a time to be determined by the Council, the Clerk/RFO shall prepare and submit to the Council a review of all risks, the Risk Assessment and the appropriateness of the Risk Management Policy.
- 13.2 When considering any new activity, the Clerk shall prepare a draft Risk Assessment including proposals to manage its risks for consideration by the Council.

14. Revision of Financial Regulations

- 14.1 At least once a year, prior to approving the annual return, the Council shall review these Financial Regulations and the effectiveness of its system of internal control in accordance with proper practices. 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.

These Financial Regulations were adopted by the Council at its Meeting held on 13 May 2019