

HENFIELD 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 for the prevention and detection of fraud and corruption. These Regulations are designed to demonstrate how the Council meets these responsibilities.
- 1.2 The Responsible Financial Officer is a statutory office and shall be appointed by the Council. The Parish Clerk has been appointed as Responsible Financial Officer for this Council and these Regulations will apply accordingly. The Clerk, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices and shall determine on behalf of the Council its accounting records and accounting control systems. He/She 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 Clerk 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 systems of internal control which shall be in accordance with proper practices.
- 1.5 No member of Council or of any Committee shall in the name of or on behalf of the Council make any financial commitment by the Council, unless authorised to do so by the Council.
- 1.6 In these Financial Regulations, references to Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 or any amendments issued to those provisions and then in force. The term '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.

2. ANNUAL ESTIMATES (BUDGET)

- 2.1 Each Committee shall formulate and submit proposals to the 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 December 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 by the Clerk in the form of a budget to be considered by Council.
- 2.3 The Council shall review 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 Clerk shall issue the precept to Horsham District Council and supply each member with a copy of the approved budget.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.

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 budget for that class of expenditure without the prior agreement by resolution of Council, but with the proviso that during the budget year and with the approval of Council or Committee, unspent and available amounts within the budget may be moved to other budget headings or to an earmarked distributed reserve as appropriate.
- 3.3 The Clerk shall at the end of each financial quarter provide the Council with a statement of receipts and payments to date under each budget head, comparing actual expenditure to the appropriate date against planned expenditure as shown in the budget.
- 3.4 The Clerk may incur on behalf of the Council necessary expenditure to carry out any repair, replacement or other work which is of such urgency that it should be done at once, even if there is not any budgetary provision for the expenditure, subject to a limit of £250. The Clerk shall report the action to the Council as soon as is practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless it is placed in an earmarked distributed reserve by resolution of the Council. Any remaining unspent provision shall be placed in the Councils General Fund.
- 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 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.
- 3.8 Where it is appropriate to write off any sum of Council money, however small, it shall be the responsibility of Council to approve such write-off, following a recommendation from Finance & General Purposes Committee.

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of the Council shall be determined by the Clerk in accordance with the Accounts and Audit Regulations.

- 4.2 The Clerk 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 Clerk shall complete the accounts of the Council contained in the annual return (as supplied by the Auditor appointed by the Audit Commission) and submit the annual return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- 4.4 The Clerk shall ensure 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 member of the Council shall, if the Clerk or Internal Auditor requires, make available such documents of the Council which appear to the Clerk or Internal Auditor to be necessary for the purpose of the internal audit and shall supply them with such information and explanation as they consider 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 for 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 Clerk 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 or by any amendments to the Act or Regulations.
- 4.7 The Clerk 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, including the bank mandate, shall be made by the Clerk and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 Cheques drawn on the bank account in accordance with the schedule referred to in Paragraph 5.4 or in accordance with Paragraph 6.4 shall be signed by two members of Council and countersigned by the Clerk.
- 5.3 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.

- 5.4 A schedule of all payments, forming part of the Agenda for the Meeting, shall be prepared by the Clerk and be presented to Council. He shall make available to the Meeting, if requested, the relevant invoices. 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 details may be shown in the Minutes of the Meeting.

6. PAYMENT OF ACCOUNTS

- 6.1 Apart from Direct Debits and Standing Orders all payments over £50 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. He/She shall satisfy himself/herself that the work, goods and services to which the invoice relates shall have been received, carried out, examined and approved, of its arithmetic accuracy and shall analyse it to the appropriate expenditure heading.
- 6.3 Where expenditure in respect of services, work or other matter has been previously agreed by Council and where there is no dispute or other reason to delay payment, the Clerk may take all steps necessary to settle such invoices, provided that a list of such payments shall be reported to the next appropriate Council meeting.
- 6.4 Where expenditure up to £250 in respect of services, work or other matter has not previously been agreed by Council, the Clerk may authorise payment of the invoice provided that a list of such payments are contained in a separate list and reported to the next appropriate Council meeting.
- 6.5 Where urgent expenditure between £250 and £1,000 in respect of services, work or other matter not previously agreed by Council is considered necessary, such expenditure may be approved by the Council's Chairman or Vice Chairman and one other member provided that a list of such payments are contained in a separate list and reported to the next Council meeting.
- 6.6 The Clerk shall maintain a petty cash float of up to £100 for the purpose of defraying operational and other expenses. Invoices or vouchers for payments made from petty cash shall be kept to substantiate the payment. All petty cash movements shall be clearly identified in the Council's manual cash book.
- 6.7 Any cash received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these Regulations.
- 6.8 When considered appropriate by the Council, payment for utility supplies and other services provided on a regular basis may be made by variable direct debit provided that the instructions are signed by two members and countersigned by the Clerk and any payments are reported to Council as made.

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 agreed by Council in advance of any payments being made.
- 7.2 Payments of salaries and payment of deductions from salary such as may be made for tax and national insurance 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 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 as agreed by Council.
- 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 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 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 Clerk.

9. INCOME

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Clerk.
- 9.2 The Council shall review all fees and charges annually.
- 9.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council by the Clerk 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 Clerk. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Clerk 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 Clerk shall promptly complete any VAT return that is required. Any repayment claim due shall be made quarterly to coincide with the end of each financial quarter.

- 9.8 Where any significant sum of cash is received by the Council, the Clerk shall take such steps as is necessary 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. Copies of orders and letters shall be retained.
- 10.2 Records of orders shall be controlled by the Clerk.
- 10.3 All members and officers are responsible for obtaining best 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 (i) below save that in respect of the purchase of goods where the likely cost is between £500 and £1,000, wherever possible three estimates be obtained.
- 10.4 The Clerk shall verify the lawful nature of any proposed purchase before the issue of any order. Where there is any doubt as to the lawfulness of the proposed transaction he shall report that fact to the Council or Committee authorising the transaction so that the minutes can record the power being 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 or with the approval of Council, 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, 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 Clerk 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 £50,000 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 paragraph (a), the Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list held by either Horsham District Council or West Sussex County Council.
- c) Where 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 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 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.
- 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 less than three tenders are received for contracts above £50,000 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 issued under this regulation shall contain a statement to the effect of Standing Orders 57, 59 and 60 of the Council.
- h) Where the Council is to enter into a contract less than £50,000 in value for the supply of goods or materials or for the execution of works or specialist services other than those excepted as set out in paragraph (a), the Clerk shall obtain three quotations (priced descriptions of the proposed supply).
- i) Where the value is below £2,500 and above £1,000 and the supply of goods or materials or the execution of work or specialist services are not set out in paragraph (a), the Clerk shall endeavour to obtain three estimates. Otherwise, Regulation 10 (3) above shall apply. Where less than three estimates are received the relevant Committee shall minute the reason for proceeding to appoint a contractor.
- 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 Clerk 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 Clerk 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 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 confirmed by the Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

13. STORES AND EQUIPMENT

- 13.1 The Clerk shall be responsible for the care and custody of stores and equipment belonging to the Council.
- 13.2 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.3 The Clerk shall be responsible for periodic checks of stocks and stores at least annually.

14. ASSETS, PROPERTIES AND ESTATES

- 14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. He 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.
- 14.2 No asset property shall be sold, leased or otherwise disposed of or written-off without the authority of the Council, together with any consents required by law, save where the estimated value of any one item of tangible moveable property does not exceed £50.
- 14.3 The Clerk shall ensure that an appropriate and accurate Register of Assets is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually.

15. INSURANCE

- 15.1 The Clerk shall effect all insurances and negotiate all claims on the Council's insurers and in doing so shall have regard to the findings of the annual risk assessment (see Regulation 17)
- 15.2 The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.3 The Clerk shall report any loss liability or damage or of any event likely to lead to a claim to the Council, at the next available meeting.
- 15.4 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 In respect of both the Kings Field Trust and the George William Rothery Fund, for which all Council members are the only trustees of these charitable bodies, the Clerk shall ensure that separate accounts are kept of the funds held 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 Clerk shall arrange for any audit or independent examination as may be required by charity law or any governing document.

17. RISK MANAGEMENT

- 17.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare, for approval by Council, risk management statements in respect of all activities of the Council. Risk management statements and consequential risk management arrangements shall be reviewed by the Council at least annually.
- 17.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

18. REVISION OF FINANCIAL REGULATIONS

- 18.1 It shall be the duty of the Council to review these Regulations from time to time. 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 REGULATIONS APPROVED BY HENFIELD PARISH COUNCIL ON
1st SEPTEMBER 2009 .