

HUTTON PARISH COUNCIL adopted 29th February 2016

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 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. The Council will as a matter of routine receive a list of income, payments and balances on a quarterly basis.
- 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 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 RFO in the form of a budget to be considered by the council.
- 2.2 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 RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 2.3 The annual budgets shall form the basis of financial control for the ensuing year.

3. ACCOUNTING AND AUDIT

- 3.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.
- 3.2 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.
- 3.3 The RFO shall complete 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 shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- 3.4 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.
- 3.5 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.
- 3.6 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.
- 3.7 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.

4. BANKING ARRANGEMENTS AND CHEQUES

- 4.1 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. The Council may make such banking arrangements, as it deems suitable.
- 4.2 A schedule of the payments required, forming part of the Agenda for the Meeting shall be prepared by the RFO and, together with the relevant invoices, be presented to Council. Detail of the payments will also be shown in the Minutes of the Meeting.
- 4.3 Cheques drawn on the bank account shall be signed by two members of Council.
- 4.4 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 PAYMENT OF ACCOUNTS

- 5.1 All payments shall be effected by cheque or other order drawn on the Council's bankers or by on-line payment the latter being duly authorised by two members who have been granted on line authorisation.
- 5.2 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.
- 5.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 5.4 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 Council or where the RFO certifies that there is no dispute or other reason to delay payment, the RFO may (notwithstanding para 5.3) 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.
- 5.5 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk or RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.
- 5.6 The Clerk 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 £300. The Clerk shall report the action to the Council as soon as practicable thereafter.

6 PAYMENT OF SALARIES

- 6.1 The Council will determine the Clerk's remuneration with regard to the nationally recommended formula and will apply any nationally recommended increases, normally from the 1st April each year.
- 6.2 As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation.

7 INCOME

- 7.1 The Parish Council's income is received mainly from the annual precept. Other income comes from interest on bank balances, reclaimed VAT, grants and donations.
- 7.2 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 7.3 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.
- 7.4 The Council will review all fees and charges annually, following a report of the Clerk.
- 7.5 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 7.6 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 within 10 working days and all receipts will be entered in the Council's receipts and payments account record.
- 7.7 The origin of each receipt shall be entered on the paying-in slip.
- 7.8 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 7.9 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.

8 ORDERS AND CONTRACTS

- 8.1 Unless the Council determines otherwise for reasons recorded in the minutes, approval of orders or contracts involving expenditure exceeding £5000 (excluding VAT) will be subject to the invitation of at least three competitive quotations or tenders as deemed appropriate by the Council.
- 8.2 The Council are not bound to accept the lowest – or any – quotation or tender but will record in the minutes their reasons for not accepting the lowest received.

9 INSURANCE

- 9.1 Following the annual risk assessment the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 9.2 The RFO will identify all new risks and property which requires to be insured and of any alterations affecting existing insurances.
- 9.3 The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and annually review it.
- 9.4 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.
- 9.5 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.

10 RISK MANAGEMENT

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

11 REVISION OF FINANCIAL REGULATIONS

- 11.1 It shall be the duty of the Council to review the Financial Regulations of the Council as appropriate and at least every 4 years. 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.

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