

Monk Sherborne 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 Responsible Financial Officer (RFO) will be the Clerk unless specifically changed by council resolution.
- 1.3 The RFO under the policy direction of the council shall be responsible for the proper administration of the council's financial affairs.
- 1.4 The RFO shall be responsible for the production of financial management information.

2. Annual Estimates

- 2.1 Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the RFO not later than the end of November each year.
- 2.2 The council will review the estimates not later than the end of December in each year and shall recommend the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates,
- 2.3 The Annual capital and revenue budgets shall form the basis of financial control for the ensuing year.
- 2.4 The Council shall prepare and have regard to a three year forecast of Revenue and Capital Receipts and Payments which shall be prepared at the same time as the annual Budget or Estimates.

3. Budgetary Control

- 3.1 Expenditure on the revenue account may be incurred up to the amounts budgeted for subject to the authorisation by full council at monthly meetings.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate revenue budget unless approved by the full council.
- 3.3 The RFO shall periodically provide the council with a statement of income and expenditure to date under each head of the approved annual budget, comparing actual expenditure against budgeted.
- 3.4 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 such expenditure subject to a limit of **£500**. The clerk shall report the action to the council as soon as is practicable thereafter.
- 3.5 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within the budget, it shall be subject to the provision of supplementary estimate approved by the council.
- 3.6 Unspent provision in the revenue budget shall not be carried forward to a subsequent year.
- 3.7 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the council is satisfied that the necessary capital funds are available.
- 3.8 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 accounts 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 following principles shall be observed in connection with accounting duties:-

- a) The duty of providing information, calculating, checking and recording sums due to, or from, the council, should be separated as completely as possible from the duty of collecting or dispersing them.
 - b) Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.
- 4.4 The RFO shall be responsible for maintaining an 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. Any officer or member of the council shall, if the RFO requires, make available such documents of the council which relate to their accounting and other records as appear to the RFO to be necessary for the purpose of the audit and shall supply the RFO with such information and explanation as the RFO considers necessary for that purpose.

5. Banking Arrangements and Cheques

- 5.1 The council's banking arrangements shall be made by the RFO and approved by the council. One current account shall be maintained at the bank.
- 5.2 A schedule of payment of money shall be prepared by the RFO and together with relevant invoices etc. be presented to the council. If the schedule is in order it shall be authorised by resolution of the council and signed by the chairman or vice chairman.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in the previous paragraph shall be signed by two duly authorised officers.

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 officer issuing the order. Before certifying an invoice the officer shall satisfy himself/herself that the work, goods or service to which the invoice relates have been received, carried out examined and approved.
- 6.3 Duly certified invoices shall be passed to the RFO who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head. The RFO shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.4 All duly certified invoices will then be entered on the schedule referred to in 5.2 above.
- 6.5 The Council will not maintain any form of cash float. All cash received must be cashed 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.

7. Payment of Salaries and Wages

- 7.1 The payment of all salaries shall be made by the RFO in accordance with the payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by council.
- 7.2 Payment of salaries and payment of deductions from salary such as may be made for tax and national insurance may be made in accordance with the payroll records and on the appropriate dates, 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 by the RFO in the name of the council, and shall be for a set period of time in accordance with council policy. Changes to loans and investments should be reported to the council at the earliest opportunity.
- 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 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 ultimately 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 clerk.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the council and shall be written off in the year.
- 9.5 All sums received on behalf of the council shall be paid to the RFO for banking or be banked by the officer collecting the money 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 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 9.7 Every transfer of official money from one member of staff to another shall be signed for by the receiving officer.
- 9.8 Personal cheques shall not be cashed out of monies held on behalf of the council.
- 9.9 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.
- 9.10 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 eg. petty cash purposes. Copies of orders issued shall be maintained.
- 10.2 Order books shall be controlled by the RFO.
- 10.3 All officers are responsible for obtaining value for money at all times. An officer issuing an official order is to ensure as far as is reasonable and practicable that the best available terms are obtained in respect of each transaction.
- 10.4 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 meeting at which the order is approved so that the Minutes can record the power being used.

11. Contracts

- 11.1 Procedures as to the contracts are laid down in the council's standing orders.
- 11.2 When applications are made to waive standing orders relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the council.
- 11.3 The council shall not be obliged to accept the lowest of 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 payments 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 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 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 must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time the delivery is made.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for an annual check of all stocks and stores.

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.

15. Insurance

- 15.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the council's insurers.
- 15.2 The officers of the council shall give prompt notification to the RFO 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 or damage or 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. Risk Management

- 16.1 The RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 16.2 When considering any new activity the RFO shall prepare a draft Risk Assessment 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 thought appropriate, adoption.

17. Revision of Financial Regulations

- 17.1 The council shall review these regulations from time to time to make such changes as may be required.