SHIPBOURNE PARISH COUNCIL

**FINANCIAL REGULATIONS**

These Financial Regulations were adopted by the Council at its Meeting held on 15 June 2015.

**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.

1.2 The Responsible Financial Officer (RFO) is a statutory office. 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 RFO shall consult with and be consulted by the Finance Sub-Committee in the performance of his duties.

1.4 At least once a year, 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 provision of section 27 of the Audit Commission Act 1998 then in force.

1.6 In these financial regulations the term of ‘proper practice’ or ‘proper practices’ shall refer to guidance issues 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 The Council shall prepare a budget 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.

2.2 The annual budget 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 During the budget year and with the approval of the Council 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 and in particular with quarterly comparisons with budget and bank reconciliations.

3.4 The Clerk may incur urgent expenditure on behalf of the Council, whether or not there is any budgetary provision, subject to a limit of £200. The Clerk shall report the action to the Council as soon as practicable thereafter.

3.5 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.

**4. ACCOUNTING AND AUDIT**

4.1 The RFO shall complete the annual financial statements and 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 with the support of the Finance Sub-Committee for approval and authorisation by the Council.

4.2 The Internal Auditor shall be appointed by and shall carry out the work required by the council in accordance with proper practices. 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. The Internal Auditor shall report to Council in writing, or in person, with a minimum of one annual written report in respect of each financial year.

4.3 The RFO shall make available on request for inspection the documents, Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.

4.4 The RFO with the support of the Finance Sub-Committee shall comply with the reasonable requests of the External Auditor.

**5. BANKING ARRANGEMENTS AND CHEQUES**

5.1 The Council's banking arrangements, including the Bank Mandate, shall be approved by the Council.

5.2 A schedule of the payments authorised shall be shown in the Minutes of the Meeting.

5.3 Cheques and their counterfoils shall be signed by two members of Council.

**6. PAYMENT OF ACCOUNTS**

6.1 All payments shall be effected by cheque, drawn on the Council’s bankers.

6.2 All invoices for payment shall be examined, verified and certified by the RFO.

The RFO shall take all steps to settle all invoices submitted, and which are in order, at the next available Council meeting.

6.3 If a payment is necessary before the next scheduled Meeting of Council, the RFO may take all steps necessary to settle such invoices provided that a list of such payments is submitted to the next appropriate meeting of Council.

6.4 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made by the Clerk, for example for postage, shall be refunded on a regular basis.

**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.

7.2 Payment of salaries and payment of deductions from salaries such as may

be made for tax and national insurance, 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 investments of money under the control of the Council shall be in the name of the Council. The money must be invested in institutions that offer high security and high liquidity; such investments must be in sterling, must mature within one year and must be made in high credit-rated financial institutions.

8.2 All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval.

8.3 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 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

9.3 The RFO shall complete any VAT Return or repayment claim at least annually.

**10. ORDERS FOR WORK, GOODS AND SERVICES**

10.1 An official order or letter shall be issued for all work, goods and services approved by the Council unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders shall be retained. In an emergency, such approval may be retrospective.

10.2 Order books shall be controlled by the RFO.

10.3 All Members and Officers are responsible for obtaining value for money at all times. An Officer issuing an official order shall ensure as far as it is 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 (a) below.

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 Procedure as to contracts are laid down as follows:

a) Every contract shall comply with these financial regulations except for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants or for additional audit work of the External Auditor.

b) Where it is intended to enter into a contract exceeding £60,000 in value for the supply of goods or materials, the Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.

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) Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to

provide 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

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) 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 expected, the RFO shall obtain, (where appropriate), 3 quotations; where the value is below £1,000 and above £100 the RFO shall consider obtaining 3 estimates.

g) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

**12. ASSETS, PROPERTIES AND ESTATES**

12.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council.

12.2 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.

12.3 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date.

12.4 The Clerk shall retain custody of the records, papers and books of the Council for such a period as is required by law or resolution of the Council.

**13. INSURANCE**

13.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers.

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

13.3 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.

**14. RISK MANAGEMENT**

14.1 Risk management arrangements shall be reviewed and recorded by the council at least annually.

**15. REVISION OF FINANCIAL REGULATIONS**

15.1 It shall be the duty of the Council to review the Financial Regulations of the Council 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.