CHAPEL HADDELSEY PARISH COUNCIL

FINANCIAL REGULATIONS 2015

These financial regulations were adopted by Chapel Haddlesey Parish Council at its meeting on 12th November 2015.

# General

1.1 These financial regulations (FRs) govern the conduct of financial management by the council and may only be amended by resolution and one council meeting and with a confirming resolution at the next meeting. FRs must be observed in conjunction with the council's standing orders.

1.2 The council and individual members is/are responsible in law for ensuring the financial management is adequate and effective and that the council has a sound system of internal control and procedures based on a risk assessment.

1.3 This includes

* the timely production of accounts
* safe and efficient safeguarding of public money
* prevention of inaccuracy and fraud
* clear identification of the duties of officers.

1.4 At least once every year the council will review the effectiveness of internal control in accordance with proper(i) practice and law

1.5 A serious breach of these regulations by an employee is gross misconduct. Any breach is a disciplinary matter.

1.6 Members of council (Cllrs) are expected to comply with these regulations. Cllrs must not entice employees to breach the FRs. Failure to comply with this clause brings the office of councillor into disrepute.

1.7 **The Responsible Financial Officer (RFO**) holds a statutory office to be appointed by council.

 **The Clerk has been appointed as RFO** for this council and these regulations will apply accordingly. The council shall consider and approve financial regulations drawn up by the Responsible Financial Officer, which shall include detailed arrangements in respect of the following:

 i           the keeping of accounting records and systems of internal controls;
ii           the assessment and management of financial risks faced by the council;
iii          the work of the independent internal auditor in accordance with proper practices and the receipt of regular reports from the internal auditor, which shall be         required at least annually;
iv         the inspection and copying by councillors and local electors of the council’s accounts and/or orders of payments; and
v          procurement policies for contracts of all levels (subject to standing order 18(c) below) and requirements under the Public Contract Regulations 2015.

b.         Financial regulations shall be reviewed regularly and at least annually for fitness of purpose.

**c.         Financial regulations shall confirm that a proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £25,000 shall satisfy the requirements of the Public Contract Regulations 2015 and will be procured on the basis of a formal tender as summarised in standing order 18(d) below.  The council will advertise the contract opportunity on the Contract Finder website.**d.         Subject to additional requirements in the financial regulations of the council, the tender process for contracts for the supply of goods, materials, services or the execution of works shall include, as a minimum, the following steps:
i           a specification for the goods, materials, services or the execution of works shall be drawn up;
ii           an invitation to tender shall be drawn up to confirm (i) the council’s specification (ii) the time, date and address for the submission of tenders (iii) the date of the council’s written response to the tender and (iv) the prohibition on prospective contractors contacting councillors or staff to encourage or support their tender outside the prescribed process;
iii          the invitation to tender shall be advertised in a local newspaper and in any other manner that is appropriate;
iv         tenders are to be submitted in writing in a sealed marked envelope addressed to the Proper Officer;
v          tenders shall be opened by the Proper Officer in the presence of at least one councillor after the deadline for submission of tenders has passed;
vi         tenders are to be reported to and considered by the appropriate meeting of the council or a committee or sub-committee with delegated responsibility.

e.         Neither the council, nor a committee or a sub-committee with delegated responsibility for considering tenders, is bound to accept the lowest value tender.

1.8 **The Clerk/ RFO**

* acts under the policy direction of the council

[[1]](#endnote-1)

* administers the council's financial affairs in accordance with all Acts, regulations and proper practices
* determines on behalf of the council, with council agreement, its accounting records and accounting control systems.
* ensures the accounting systems are observed
* maintains up to date accounting records of the council in accordance with proper practices
* assists the council to secure economy, efficiency and effectiveness
* produces financial management information as required by council.

1.9 The accounting records provided to council by the RFO shall be sufficient to explain the councils transactions and balances and comply with the latest Accounts and Audit Regulations. (at June 2014 - Accounts and Audit Regs 2011/817)(ii)

1.10 The accounting records will include all receipts and payments plus a list of assets and any debtors or liabilities

1.11 Procedures will include a recording transactions as soon as possible and regular checks and reconciliations to check for inaccuracies

1.12 Procedures will also include

* duties of officers ref significant transactions
* best endeavours to collect of unpaid debts,
* reference to council of debts for approval to be written off this approval will be in the minutes and a reference to the minute will appear in the accounts.
* measures to ensure risk is managed

1.13 **Restrictions on delegation**

The council is not empowered by these FRs or otherwise to delegate:-

* setting the final budget or precept
* approving accounting statements
* approving an annual governance statement
* borrowing
* writing off bad debts
* declaring eligibility for general power of competence
* addressing recommendations in any report from the internal auditor

# 2 Accounting and Audit (internal and external)

2.1 All accounting procedures will be determined by the RFO in accordance with proper practices.

2.2 A Cllr (at present Cllr M Langhan) will maintain a written record of receipts and payments to compare with the RFO's digital records. This will be the main element of internal control for the council.

2.2a At least once per half year and at the financial year end:-

* A cllr other than the Cllr in 2.2 will verify bank reconciliations produced by the RFO (combination of all accounts)
* The relevant pages of bank statements will be checked against figures on the reconciliation.

2.3 The RFO will complete the annual statement of accounts, annual return and associated documents for presentation to the May meeting of council.

2.4 The Council shall maintain an adequate and effective system of internal audit and ensure that all relevant documents are available to RFO, Internal Auditor and External Auditor.

2.5 The internal auditor should be appointed annually (normally in March)

2.6 The Internal Auditor will be

* competent and knowledgeable in the working of parish councils, qualified to at least the Certificate in Local Council Administration if possible.
* Totally independent of the financial operations of the council as defined in proper practices
* carry out the audit objectivity according to proper practices
* report to the council in writing and if necessary in person at least once during each financial year.

2.7 The RFO shall make arrangements for the exercise of electors' rights to inspect accounts and documents. The RFO will display related notices and statements as per regulations.

2.8 The RFO will bring to the attention of council any correspondence from internal and external auditors at the next meeting of council.

# 3 Annual estimates (Budget) and forward planning

3.1 The clerk will each year in September ask councillors for ideas for items to add to or remove from the council's budget for the following year. This allows for time to cost these items before the formal budget process.

3.2 The RFO must, each year, no later than the end of November prepare detailed estimates for the following financial year. This process will include a table with the following columns as minimum:-

* Previous year actual
* Present year budget
* Present year to date
* Predicted outturn for present year
* Draft budget for consideration

Notes to this document will advise council of why there are substantial changes predicted to individual items.

Added to this document will be the predicted present year end balances shown as allocated balances + unallocated balances. The RFO will also advise if the council are above or below the level of balances required by proper practices.

3.3 The annual estimates will be put before a special council meeting in December for ratification or amendment in January. Determination of the precept will consider the level of precept and if the council intend to use balances or other sources of funding.

3.4 The clerk shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.

3.5 The approved budget shall form the basis for financial control for the next financial year.

# 4. Budgetry control and authority to spend

4.1 Expenditure on revenue items may be authorised for payment as follows:

* The council by resolution and minute for amounts above £500
* Amounts under £500 within budget as delegated to the clerk, if more urgent than the next meeting. These payments and invoices to be advised to councillors on e-mail before payment is made and reported and minuted at the next meeting.

4.2 Invoices which would put exceed the budget must await the next meeting or require an extra meeting to consider virement from an underspending budget heading by council. An alternative would be to vire from reserves providing that the unallocated reserves will be equal to over 3 months of the normal .

4.3 No capital project small be finalised and authorised unless the council is satisfied that the necessary funds are available, plus, if required, the borrowing approval has been obtained via YLCA and borrowing is in place.

4.4 All capital works and contracts shall be administered in accordance to the councils standing orders and financial regulations.

4.5 The RFO shall regularly provide comparisons of actual spending against budget.

4.6 Changes in earmarked (unallocated) reserves shall be approved by council.

# 5. Banking arrangements and authorisation of payments

5.1 The councils banking arrangements , including the mandate shall be made by the RFO and approved by council. They shall regularly be reviewed for safety and eficiency.

5.2 All requests for the clerk's or assistant clerk's expenses shall be listed and presented to council with receipts. The chairman will initial the list when approved.

5.3 All requests for payments at a meeting will be on the agenda or covered by the clerks delegated powers. The Clerk/RFO will ensure all invoices for payment have been examined, verified and certified that the work, goods or services have been supplied in a satisfactory manner and that the work was previously approved by council or within delegated powers. Council and clerk will check arithmetic accuracy.

5.4 The RFO will draw up an annual list of recurring payments (eg salaries, HMRC and Autella, ). When each of the payment is made the chairman will initial that payment to ensure that there is no duplication of payments.

5.5 Any grants made to other bodies will be made under the current grants policy. (At the moment this is not to pay any grants except towards the burial ground grass cutting)

5.6 Members are subject to the code of conduct and standing orders regarding approving and instructing payments unless a dispensation has been granted.

5.7 The bank mandate will include the clerk and assistant clerk with the instruction that these officers will not sign cheques or other means of payment, but are on for administration and access to information. This will include transfer from on account to another in discussion with Cllr Langhan or future replacement.

# 6 Instructions for making payments

6.1 The council will make safe and efficient arrangements for making payments.

6.2 All payments shall be made by cheque or other instructions to the bank signed by two members.

6.3 To indicate agreement the members signing a cheque or other order will initial the cheque stub or a copy of any order.

# 7. Payment of salaries

7.1 As an employer the council is responsible for making arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. This includes maintaining proper payroll records.

7.2 Salary rates shall be paid as agreed by council.

7.3 No changes shall be made to employees pay, emoluments or terms and conditions except by resolution at a council meeting.

7.4 There are no requirements to keep salary payments secret at this council.

7.5 Council can use a system of appraisal

7.6 Decisions on the appointing additional staff and extra staff must be made by resolution of council based on a good business case.

# 8.0 Loans and Investments.

8.1 All borrowings and investments shall be in the name of the council.

8.2 Any borrowing must first receive borrowing approval via YLCA. Applications for borrowing approval must be approved by council. The details of the actual loan must be agreed by council.

8.3 Any other financial arrangement which does not require borrowing approval such as leases must be agreed by council.

# 9 Income

 9.1 The collection of all sums due to the council is the responsibility of the RFO

9.2 The council will review all fees and charges annually following a report by the clerk.

9.3 Any sums found to be unrecoverable shall be referred to council and shall be written off within the year.

9.4 All sums received shall be banked intact as soon as practical

9.5 Receipts will be issued and a copy kept as a payment slip.

9.8 The RFO shall complete the VAT return at least once per annum just after the end of the financial year.

# 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 shall be retained.

10.2 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 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.

10.3 A member may not issue an official order or make any contract on behalf of the council.

10.4 The RFO/clerk 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/clerk 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 (see also note 1.7)

11.1 Procedures as to contracts are laid down as follows:

* + - * 1. Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items (i) to (vi) below:

for the supply of gas, electricity, water, sewerage and telephone services;

for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;

for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant;

for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;

for additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of council); and

for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

* 1. Where it is intended to enter into a contract exceeding £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 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.
	2. 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.
	3. 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.
	4. 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.
	5. If less than three tenders are received for contracts above £60,000 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.
	6. Any invitation to tender issued under this regulation shall be subject to the current Standing Orders of the council and shall refer to the terms of the Bribery Act 2010. [
	7. When it is to enter into a contract of 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 excepted as set out in paragraph (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £3,000 and above £100 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
	8. The council shall not be obliged to accept the lowest or any tender, quote or estimate.
	9. Should it occur that the council, or duly delegated committee, does not accept any tender, quote or estimate, the work is not allocated and the council requires further pricing, provided that the specification does not change, no person shall be permitted to submit a later tender, estimate or quote who was present when the original decision making process was being undertaken.
	10. The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.
	11. **Where the value of a contract is likely to exceed £172,514 (or other threshold specified by the Office of Government Commerce from time to time) the council must comply with the Public Contracts Regulations 2015 and where applicable, the Utilities Contracts Regulations 2006 (SI No. 6, as amended).  If the 2006 Regulations apply to the contract the council must comply with EU procurement rules.**

# 12 Assets, Properties and Estates

12.1 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. (At present the clerk keeps documents in a fire proof box at his residence).

12.2 No tangible moveable property 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, except for office stationary, street light repairs and other items under delegated to the clerk (all within budget).

12.3 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 (including an adequate level of consultation with the electorate).

12.4 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 (including an adequate level of consultation with the electorate).

12.5 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, possibly in conjunction with a health and safety inspection of assets.

# 13. Insurance

# 13.1 Following the annual risk assessment (per Financial Regulation 14), the RFO/Clerk shall effect all insurances and negotiate all claims on the council's insurers.

# 13.2The Clerk shall identify all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

# 13.3The RFO/Clerk shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it.

# 13.4 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.

# 13.5 All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually (if there are significant changes) by the council, or duly delegated committee.

# 14 Risk Management

14.1 The council is responsible for putting in place arrangements for the management of risk. The Clerk/RFO 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.

14.2 When considering any new activity, the Clerk/RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

14.3 Members of council who become aware of a new risk or forthcoming event should inform the clerk as soon as possible to assess risks.

# 15 Suspension and 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.

15.2 The council may, by resolution of the council duly notified prior to the relevant meeting of council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of council.

Approved at the Chapel Haddlesey Parish Council Meeting held on ........

Minute no

Signed .....................

P Brunyard

Chairman

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1. Proper practice is defined as guidance issued in Governance and accountability for Local Councils - Practitioner's Guide

ii Regulations or Accounts and Audit Regulations are defined as regulations issued under section 27 of the Audit Commission Act 1998. [↑](#endnote-ref-1)