

Husthwaite Parish Council - Financial Regulations adopted 21st May 2019

1. These financial regulations govern the conduct of financial management by Husthwaite Parish Council and may only be amended by resolution of the council. Financial regulations are one of the council's governing policy documents providing procedural guidance and must be read in conjunction with the council's standing orders.
2. 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 internal control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk.
3. The council's accounting control systems must include measures that provide for the safe and efficient safeguarding of public money and prevent and detect inaccuracy and fraud.
4. These financial regulations demonstrate how the council meets its responsibilities and requirements. Members of Husthwaite Parish Council are expected to follow the instructions within these regulations and not to entice employees to breach them. Failure to follow instructions within these regulations brings the office of councillor into disrepute. Deliberate or willful breach of these regulations by an employee may give rise to disciplinary proceedings.
5. The Responsible Financial Officer (RFO) holds a statutory office and is appointed by the Parish Council. The RFO acts under the policy direction of the Parish Council and administers the council's financial affairs in accordance with all Acts, Regulations and proper practices. The RFO will maintain up-to-date accounting records for the council, determine accounting control systems on behalf of the council and ensure that they are observed.
6. The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and enable the RFO to ensure that any record of receipts and payments and statement of balances comply with the Accounts and Audit Regulations.
7. The accounting records determined by the RFO shall in particular contain prompt and accurate recording of all sums of money received and expended by the council and details of the matters to which the receipts and payments relate. In addition, the RFO will maintain an accurate record of assets and liabilities of the council and, wherever relevant, will record the council's income and expenditure in relation to claims made for any contribution, grant or subsidy.
8. The accounting control systems determined by the RFO shall include procedures to ensure that the financial transactions of the council are recorded promptly and accurately, procedures to enable the prevention and detection of inaccuracies and fraud, and measures to ensure that risk is properly managed.
9. The council is not empowered to delegate certain specified decisions to the RFO and any decision regarding setting the precept, approving the annual governance statement, approving the accounting statements, addressing recommendations in any report from internal / external auditors, borrowing, writing off bad debts, determining the bank mandate for all council bank accounts or declaring eligibility for the General Power of Competence shall be made by full council only.
10. The RFO shall complete the Annual Governance and Accountability Return as soon as practicable after the end of the financial year and, having certified the accounts, shall submit them to full council within the timescales set by the Accounts and Audit Regulations. Prior to approving the Annual Governance Statement, the council must review the effectiveness of its system of internal control and audit.
11. A competent internal auditor, independent of the financial operations of the council and free from any conflicts of interest, shall be appointed to carry out the work in relation to internal controls required by the council in accordance with proper practices. The council shall make available such documents and records as necessary for the purpose of the audit and shall supply the auditor with such information and explanation as required.
12. The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts and display / publish any notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.

13. The RFO shall, without undue delay, bring to the attention of all councillors any correspondence or report from internal or external auditors.

14. The RFO must each year, by no later than November, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the council. The council shall consider the annual budget proposal, update the forecast accordingly and fix the precept for the ensuing financial year. The RFO shall issue the precept to the billing authority and supply each councillor with a copy of the approved annual budget which will form the basis of financial control for the ensuing year.

15. The Clerk's conditions of service and salary are to be reviewed annually in November for the following financial year and evidenced by the recording of the review in the minutes.

16. All expenditure must be authorised by the council prior to works commencing and should be evidenced by the recording of a description of expenditure and amount committed in the minutes. No expenditure shall be authorised and no contract entered into or tender accepted unless the council is satisfied that the necessary funds are available, and the requisite borrowing approval has been obtained. No expenditure may be authorised that will exceed the amount provided in the budget other than by resolution of the council. During the budget year, with the approval of the council having fully considered the implications, unspent and available amounts may be moved to other budget headings. Changes in earmarked reserves shall be approved by the council as part of the budgetary control process.

17. The RFO shall verify the lawful nature of any proposed expenditure before the issue of any invitation to tender and, where it is intended to enter into a contract exceeding £500, shall strive to obtain at least three quotations. An invitation to tender shall include a detailed specification and the date and address for the submission of written tenders. The council shall not be obliged to accept the lowest quotation but should consider which offers best value from the tenders submitted. Following acceptance of a tender by full council, an official letter shall be issued to the successful applicant detailing the agreed terms.

18. Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by the Public Contracts Regulations 2015 which is valued in excess of £25,000, the council shall comply with the relevant requirements of the Public Contracts Regulations 2015. The full requirements of the Public Contracts Regulations 2015, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in the Public Contracts Regulations 2015 set by the Public Contracts Directive 2014/24/EU (which may change from time to time).

19. All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services have been received, carried out, examined and represent expenditure previously approved by the council. After examination for arithmetical accuracy, the RFO shall take all steps to pay all invoices submitted, which are in order, promptly or at the next council meeting. The RFO shall prepare a schedule of payments requiring authorisation, together with the relevant invoices, for presentation to the council at every meeting. The council shall review the schedule for compliance and authorise payment by resolution. A detailed list of all payments, including those made by delegated authority for any pre-authorised obligations or continuing maintenance contracts, shall be submitted at every meeting and disclosed within the minutes.

20. For Public Works Contracts, payments on account of the contract sum shall be made within the time specified in the contract upon authorised certificates of the architect engaged to supervise the contract (subject to any percentage withholding as may be agreed). The RFO shall maintain a record of payments by installment and will report to the council where it is estimated that the total cost of work carried out under the contract will exceed the contract sum. Any variation to a contract, including where the final cost is likely to exceed the financial provision, must be approved by full council and clerk to the contractor in writing.

21. The council will make safe and efficient arrangements for the making of its payments. All payments should be effected by cheque. All cheques shall be signed by two authorised members of the council and, to indicate agreement of the details shown, the signatories shall also initial the cheque counterfoil to guard against fraud. Members shall comply with the Code of Conduct and Standing Orders when a decision to authorise payment is made in respect of a matter in which they have a disclosable pecuniary interest unless

a dispensation has been granted. A member, who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment should not be a signatory to the payment in question.

22. Where the Parish Council makes a grant to a voluntary body exceeding £1000, the body should supply the Parish Council with a copy of its annual report and accounts.

23. The RFO shall maintain a petty cash float of up to £25 for purchasing postage stamps and minor stationery items and receipts shall be kept to substantiate all payments.

24. 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 salary rates shall be as agreed by council and payment shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating. Each and every payment to employees of net salary and to the appropriate creditor of the statutory deductions shall be recorded.

25. 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 full council as to terms and purpose and subsequent arrangements.

26. All loans and investments shall be negotiated in the name of the council and shall be for a set period. The council will arrange with the council's banks and investment providers for the sending of a copy of each statement of account to the Chairman of the council at the same time as one is issued to the RFO.

27. The collection of all sums due to the council shall be the responsibility of the RFO. All sums received on behalf of the council shall be banked intact and the origin of each receipt shall be entered on the paying-in slip. The council will review all fees and charges regularly.

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

29. The RFO shall produce financial management information as required by the council and will provide the council with a statement of all receipts and payments to date, an explanation of any variances against the budget and a bank reconciliation at every meeting. All bank statements received must be checked against the entries in the cash book and any anomalies reported to the council. At financial year end a councillor, other than a cheque signatory, shall be appointed to verify the bank reconciliations produced by the RFO against the original bank statements and this will be evidenced by recording in the minutes.

30. The RFO shall complete any VAT Return that is required and periodically submit a claim to recover all VAT paid by the council.

31. The RFO shall ensure a record is maintained of all properties held by the council, recording the location, extent, plan, purchase details, tenancies granted and rents payable. No real property shall be purchased, acquired, sold, leased or otherwise disposed of without the authority of the full council, together with any other consents required by law.

32. The RFO shall ensure that an appropriate and accurate Register of Assets is kept up-to-date and the existence of tangible assets shown shall be verified annually in conjunction with the health & safety inspection of assets. No moveable property shall be purchased, sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law.

33. The RFO shall effect all insurances and negotiate all claims on the council's insurers. The RFO shall keep a record of all insurances effected by the council and the property and risks covered thereby and annually review it. All members and employees of the council shall be included in a suitable form of fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the council.

34. The council is responsible for putting in place arrangements for the management of risk. The Clerk, with the RFO, shall prepare risk management policy statements in respect of all activities of the council and these shall be reviewed by the council at least annually. When considering any new activity, the Clerk and

RFO shall prepare a draft risk assessment, including risk management proposals, for consideration and adoption by the council.

35. 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 an amendment to these regulations.

* In these regulations the term 'proper practices' refer to guidance issued in *Governance and Accountability for Local Councils – a Practitioners' Guide (England)* issued by the Joint Practitioners Advisory Group (JPAG)