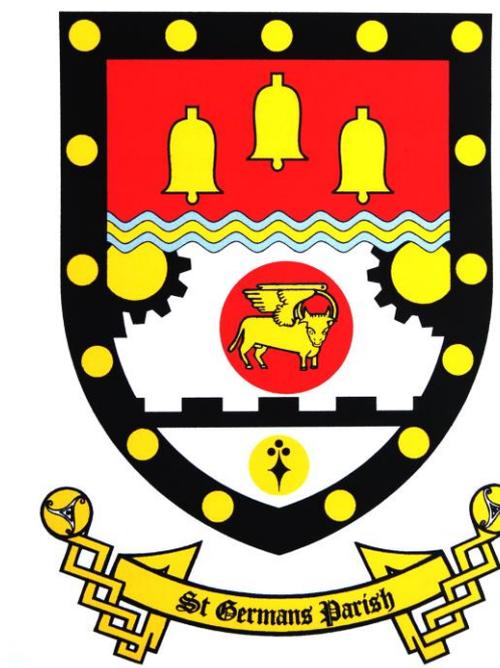


ST GERMANS PARISH COUNCIL

FINANCIAL REGULATIONS



These Financial Regulations were adopted by the Parish Council at their meeting held on 29 July 2013 and revised on 6 June 2016

AMENDMENTS

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1 GENERAL

- 1.1 These Financial Regulations govern the conduct of the financial management of St Germans Parish 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 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 with proper practices
- 1.3 For St Germans Parish Council the Clerk and the RFO are one and the same post
- 1.4 The RFO shall produce financial management information as required by the Council
- 1.5 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.
- 1.6 In these Financial Regulations, references to the Accounts and Audit Regulations shall mean the Regulations under the provisions of section 27 of the Audit Commission Act 1998
- 1.7 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 (England) 2010 which is published jointly by NALC and SLCC and updated from time to time.

2 Annual Estimate

- 2.1 Each Committee shall formulate and submit proposals to the Finance & General Purposes Committee in respect of revenue and capital and sources of funding for the following financial year, not later than the end of September each year.
- 2.2 Detailed estimates of all income and expenditure, 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.
- 2.3 The Finance & General Purposes Committee shall review the budget and submit it to the Council at the October meeting each year and the Council 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.
- 2.4 The amended capital and revenue budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall consider the need for, and shall have regard to, a three year forecast of Revenue, Capital Income and Expenditure which may be prepared at the same time as the budget.

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 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. During the budget year and with the approval of the Council, having considered fully the implications for public services, unspent and available, amounts may be moved to other budget headings by way of a virement or to an earmarked reserve as appropriate.
- 3.3 The RFO shall provide the Council with details of income and expenditure on a monthly basis. A quarterly reconciliation will be carried out between the bank account and the cash book and be made available to the Council.

- 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 the expenditure, subject to a limit of £2500 in consultation with the Chairman, except for the Clerk's delegated powers as itemised in the Purchasing Delegation Limits. The Clerk shall report the action to the appropriate Parish Council meeting 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 expenditure on capital account, unless the Committee concerned is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained, except for the Clerk's delegated powers as itemised in the Purchasing Delegation Limits
- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed on an earmarked reserve by resolution of the Council
- 3.7 All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations.

4 Accounting and Audit

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations 2003
- 4.2 The RFO shall complete the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Parish Council
- 4.3 The RFO shall be responsible for the completion of the Accounts of the Council and shall submit them for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 2003

- 4.4 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 far 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
- 4.5 The RFO shall ensure that there is an adequate and effective system of internal control of the Council's accounting, financial and other operations in accordance with proper practices. Any officer or member of the Council shall, if the RFO requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.
- 4.6 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 the Council in writing, or in person, on a regular basis with a minimum of one annual report in respect of each financial year. In order to demonstrate objectivity and independence, the Internal Auditor shall be free of any conflicts of interest and have no involvement in the financial decision making, management or control of the Council.
His effectiveness will be reviewed annually by the Finance & General Purposes Committee
- 4.7 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 or Statements of Account required by the Audit Commission 1998 and the Accounts and Audit Regulations 2003.
- 4.8 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.

5 Banking Arrangements and Cheques

- 5.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council

- 5.2 A schedule of payments forming part of the Agenda for the Meeting shall be prepared by the RFO and together with the relevant invoices be presented to the Council. If the schedule is in order payment is authorised by a resolution of the Council.
- 5.3 Cheques drawn on bank accounts in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4 must be signed by two Councillors, out of the three Councillors who are authorised signatories.
- 5.4 To indicate agreement of the details shown on the cheque for payment with the invoice or similar documentation, the signatories shall each initial the cheque counterfoil if applicable, or, on an automated cheque run, the signatories will both initial each line of the cheque schedule and sign the bottom of each page.

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. The officer shall satisfy him/herself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and authorisation and shall post them to the appropriate expenditure heading. The RFO shall take all possible steps to settle all invoices submitted, and which are in order, at the next available Council or Finance & General Purposes Meeting
- 6.4 If a payment is necessary, and the due date for payment is before the next scheduled meeting of the Council, and where the Clerk/RFO certifies that there is no dispute or other reason to delay payment, the Clerk (notwithstanding paragraph 6.3) shall take all steps necessary to settle such invoices provided that such payments shall be submitted to the next appropriate meeting of the Council

- 6.5 If thought appropriate by the Council, payment for insurance and utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two authorised Councillors and any payments are reported to the Council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Council at least every two years
- 6.6 The RFO shall ensure that all payments and contributions made by the Council fall within the legal powers of the Council and that all other regulations are satisfactory

7 Payment of Salaries and Wages

- 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 and wages shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating. Salaries and wages shall be as agreed by the Council. Currently Tamar Accounting handles the PAYE for St Germans Parish Council

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, in accordance with Council policy
- 8.2 The Council shall consider the need for an Investment Policy, which if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any policy shall be reviewed 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 borrowing shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by the 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 responsible for the collection of all accounts due to the Council
- 9.3 The Council or appropriate Committee (Finance & General Purposes Committee) will review all fees and charges annually following a report from the Clerk
- 9.4 Any sums found to be irrecoverable shall be reported to the Finance and General Purposes Committee and shall be written off in the year.
- 9.5 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 with such frequency as the RFO considers necessary.
- 9.6 Full details of each cheque and all payments made or received shall be entered in the cash book and reported to Council on a monthly basis. The cash book is held on an excel spreadsheet
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 Every transfer of official cash from one member of staff to another shall be signed for by the receiving officer
- 9.9 The RFO shall promptly complete any VAT return that is required. Any repayment claims due shall be made in accordance with VAT ACT 1994 section 33.
- 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 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 e.g. petty cash purchases. Copies of all orders shall be retained.
- 10.2 Order books shall be controlled by the RFO
- 10.3 All Councillors are responsible for obtaining best value 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

11 Contracts

- 11.1 Procedures as to contracts are laid down as follows:
- a) Every contract whether made by the Council or by a Committee to which the power of making contracts has been delegated shall comply with these Financial Regulations and no exception shall be made otherwise than by direction of the Council or in an emergency by such a Committee as aforesaid provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:
 - i) for the supply of gas, electricity, water, sewerage and telephone services;
 - ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - iii) 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;
 - iv) for work to be executed or goods or materials to be supplied which constitute an extension of existing contract by the Council;
 - v) for goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price;
 - vi) for additional audit work of the External Auditor up to an estimated value of £250 (in excess of this sum the Clerk/RFO shall act after consultation with the Chairman and Vice Chairman of the Council)

b) 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. Where it is intended to enter into a contract from £2500 to £30,000 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 quotations from at least three firms. Between the sums of £30,000 and £60,000 the Council can opt to proceed by inviting tenders or by three quotations whichever is deemed appropriate.

c) 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 and confirmed by resolution.

d) Every exception made by a Committee to which the power of making contracts has been delegated shall be reported to the Council and the report shall specify the emergency by which the exception shall have been justified.

e) 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 expected to submit the documents 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.

f) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk or the properly authorised Deputy in the presence of the Chairman or Vice Chairman.

g) If less than three tenders/quotations are received for contracts valued below £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

h) 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 payment by instalments, the RFO shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum by 5% or more, a report shall be submitted to the appropriate Committee.
- 12.3 Any variation to a contract, or addition to, or omission from a contract, must be approved by the Council and the Clerk must advise the Contractor in writing. The Council must be informed where the final cost is likely to exceed the financial provision.

13 Stores and Equipment

- 13.1 The Clerk shall be responsible for the care and custody of stores and equipment.
- 13.2 Delivery notes shall be obtained in respect of all goods received. Goods must be checked with regards quality at the time delivery is made.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational requirements
- 13.4 The RFO shall be responsible for ensuring an annual check of all stocks and stores takes place.

14 Valuables and Assets

- 14.1 The Clerk shall make appropriate arrangements for the custody of all valuables owned by the Council. The RFO shall ensure a record is maintained of all valuables. Currently the Chains of Office are held in a locked cabinet in the Eliot Hall, St Germans.

- 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, save where the estimated value of any one item of tangible movable property does not exceed £50.
- 14.3 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 shall be verified at least annually, possibly in conjunction with a health and safety inspection and/or risk assessment.

15 Insurance

- 15.1 Following the annual risk assessment, Financial Regulation 16 refers, the RFO/ Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The RFO/Clerk shall give prompt notification of all new risks, properties or vehicles which require to be insured, and of any alterations affecting existing insurances.
- 15.3. The RFO/Clerk 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/Clerk shall be notified of any loss, liability or damage or of any event likely to lead to a claim and report these to the 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 Clerk/RFO shall prepare and promote risk management policy statements in respect of all financial activities of the Council
- 16.2 When considering any new activity, the Clerk/RFO shall prepare a draft risk assessment including risk management proposals for consideration by the Council.

17 Revision of Financial Regulations

- 17.1 It shall be the duty of the Finance & General Purposes Committee to review the Financial Regulations of the Council from time to time and every three years as a minimum. They shall make such recommendations to the Council as the Committee considers are required. The Clerk/RFO shall advise the Council of any requirements for a consequential amendment to these regulations.

Dated 6 June 2016