

COMBE MARTIN PARISH COUNCIL - FINANCIAL REGULATIONS – V4

Date of Review Change, Description, Minute No.

1	08/04/2019	Financial Regulations approved subject to minor amendments.	71/19
2	14/10/2019	Audit Committee Review (13/09/2020) recommendations adopted by full Council at its meeting on 14 October 2019	228/19
3	8/06/2020	Audit Committee Review (27/05/2020) recommendations adopted by full Council at its meeting on 8 June 2020	116/20
4	12/04/2021	Amendments approved to include delegated authority to the Clerk/RFO to authorise expenditure in line with the approved budget, and the handling of debit and credit card transactions.	

1.GENERAL

- 1.1 The conduct of the affairs of the Council is governed by the statutes, statutory instrument and proper practice for parish and town councils and standing orders of the Council. These regulations should therefore be read in conjunction with those and any other policies or procedures referred to in this document. Any contract or grant condition entered into by the Council that imposes additional conditions shall also have precedence over these regulations.
- 1.2 These financial regulations govern the conduct of financial management by the 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.
- 1.3 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the council. The Parish Clerk has been appointed as RFO for this council and these regulations will apply accordingly. The RFO, acting under the policy direction of the Parish 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
- 1.4 The Finance Officer, responsible to the RFO, shall produce financial management information as required by the RFO and the council.
- 1.5 At least once a year, prior to approving the annual return, 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 latest

regulations issued and currently in force.

- 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 which is published jointly by NALC and SLCC and updated from time to time.
- 1.8 The RFO/Parish Clerk is responsible for ensuring that all payments are legal and within the powers of the Council.

2. Annual Estimates (Budget)

- 2.1 Councillors or Committees shall submit proposals to the full council in respect of revenue services and capital projects for inclusion in the rolling capital programme (Budget)
- 2.2 Detailed estimates of income and expenditure on revenue services, receipts and payments on capital account, shall be prepared each year by the FO for the RFO
- 2.3 The full council shall review the estimates not later than the end of November 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.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

3. Budgetary Control

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in each approved Cost Centre.
- 3.2 The Clerk/RFO has delegated authority to authorise expenditure in line with the approved budget.
- 3.3 No expenditure may be incurred that will exceed the amount provided, in excess of £2000, in the revenue budget for that class of expenditure unless a virement has been approved by the full Council. During the budget year and with the approval of council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- 3.4 Virements: Provided that overall expenditure is contained within approved totals for cost centres in the budget, the budget may be adjusted by the FO with approval of the RFO/Clerk following approval by the Council Chairman without reference to full council. The Parish Council shall consider all other Virements.
- 3.5 The FO shall provide quarterly budget reports to be reviewed by councillors
- 3.6 The RFO/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 £2,000. The Clerk shall report the action to the Chairman and Councillors as soon as practical thereafter.



- 3.7 Where expenditure is incurred in accordance with regulation 3.6 above and the sum required cannot be met from savings made elsewhere within that cost centre's approved budget, it shall be subject to the provisions of a retrospective Virement approved by full Council.
- 3.7 Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- 3.8 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Parish Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 3.9 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 current legislation.
- 4.2 The Finance Officer and RFO/Clerk, shall complete the annual financial statements of the Council, including the council's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
- 4.3 The Finance Officer, under supervision of the RFO, shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time) and the RFO shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- 4.4 The RFO shall ensure that there is an adequate and effective system of internal audit 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 or Internal Auditor 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.
- 4.5 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 Council in writing, or in person, on a regular basis with a minimum of one annual written report in respect of each financial year. 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.
- 4.6 The Finance Officer and the RFO shall make arrangements for the opportunity for statutory inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required.

- 4.7 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 shall be made by the RFO and approved by full council. The FO/RFO shall regularly review banking arrangements to ensure that charges are competitive and the service meets the needs of the Council.
- 5.2 Payment of money shall be prepared by the Finance Office and together with the relevant invoices/paperwork presented to the Clerk/Councillors for authorisation. Authorisation for a purchase can also be reflected in a previously approved committed Purchase Order
- 5.3 Cheques drawn on the bank accounts for payment shall be signed by 2 councillors or 1 councillor and the Clerk in accordance with paragraph 5.2
- 5.4 Internet banking: Procedure as follows:
- All invoices will be approved by the Clerk prior to submission for payment (with reference to clause 3.2 & 3.5).
 - A list of invoices for payment each month will be submitted to Council for approval. This list will then be paid by BACS.
 - Where payments are not approved at Council a copy of the invoice will be sent to BACS authoriser prior to BACS request.
 - BACS payments will be set up by Finance Officer or Clerk and an e-mail requesting authorisation of payment will be sent to 2nd signatory by the bank.
- 5.5 Bank reconciliations for all bank accounts shall be performed monthly by the Financial Office and presented to Full Council for approval at each monthly Council meeting
- 5.6 The Council Chairman and RFO/Clerk can approve short-term investment of funds on interest bearing deposit accounts with in the name of Combe Martin Parish Council. All the transfers of funds from one of the Council's deposit accounts must be made either into another of the Council's existing deposit accounts or into the Council's main current account. The Financial Officer can action this under the supervision of the RFO/CLERK. The closing of an existing account or the setting up of a new account must be approved by Full Council.
- 5.7 Payments to the Council using the World Pay machine are to be made in person and no bank details other than the merchant copy of the receipt are retained (for bank reconciliation).

6. Payment of Accounts

- 6.1 The Finance Officer shall examine invoices in relation to arithmetic accuracy and shall allocate them to the appropriate expenditure heading in the relevant Cost Centre. They shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and

approved. All invoices for payment shall be examined, verified and certified prior to payment detailed in points 5.3 and 5.4

- 6.2 Apart from petty cash or charge/debit card payments, all payments shall be effected by cheque, BACS, CHAPS, Direct Debit or internet banking transfer in accordance with paragraph 5.3 and 5.4
- 6.3 No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council

6.4 The Finance Officer shall maintain a petty cash float to a limit of £160 for the purpose of defraying operational and other expenses and record all transactions as a separate account. The Debit card may be used to top up petty cash to agreed float with the Clerk's approval.

- 6.5 To avoid bad practice of councillors/staff paying for goods/services on behalf of the council and being reimbursed by cheque or petty cash, there is access to a charge card or debit card attached to the main bank account.

The charge card or debit card will only be available from the FO or Clerk and only for intended purchases as agreed by the Finance Officer or the Clerk, up to the card limit not exceeding the value of the debit card (£700).

Internet purchases need to be actioned in the office and logged. Outside purchases requiring the card to leave the office must be logged, signed for and counter signed by the FO or Clerk to approve the purchase. The FO shall keep a log appertaining to all charge card or debit card transactions which will include the signing in and out of the card where applicable. All invoices/receipts for card purchases must be presented to the FO at the earliest opportunity and the card returned and signed/counter-signed back in.

- 6.6 Payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates may be made by variable Direct Debit and payments are reported to council monthly. The approval of the use of a variable Direct Debit shall be renewed by resolution of the council every year at the AGM upon presentation of the list of direct debits by the Financial Officer
- 6.7 Payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are followed in accordance with online procedures detailed in 5.4 and any payments are reported to council as made.
- 6.8 Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator.

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 as agreed by Council

- 7.2 All overtime shall be approved in advance by the Parish Clerk in consultation with the Personnel Committee

8. Loans and Investments

- 8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.2 All investments of money under the control of the Council shall be in the name of the Council
- 8.3 All borrowings shall be effected in the name of the Council.
- 8.4 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 the Finance Officer, recorded and presented monthly to full council with all other month end reports.
- 9.2 Receipts generated from the World Pay machine shall be the responsibility of the Finance Officer and dealt with in the same way as in 9.1 above.
- 9.3 Fees and charges should be reviewed annually
- 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 following financial year.
- 9.5 All sums received on behalf of the Council shall be banked intact. In all cases, all receipts shall be deposited with the Council's bankers as soon as practical
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The Finance Officer or RFO shall promptly complete any VAT Return that is required.

10. Orders for Work, Goods and Services

- 10.1 An official purchase order or letter shall be issued for all work, goods and services unless a formal contract is made or an official order would be inappropriate as decided by the RFO. Copies of orders shall be retained.
- 10.2 An official purchase order or letter does not need to be issued for work, goods and services under £500 unless the RFO deems it appropriate or necessary.



- 10.2 Purchase Order numbers shall be controlled by the Finance Officer.
- 10.3 All Councillors and officers are responsible for obtaining value for money at all times.
- 10.4 A Councillor or officer issuing an official Purchase Order is to ensure as far as reasonable and practical 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 shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency 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 an existing contract by the Council;
 - (v) for additional audit work of the external Auditor.
 - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (b) Where it is intended to enter into a contract exceeding £15,000 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/RFO shall invite tenders from at least three firms.
- (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 for approval.
- (d) Any formal tender process shall comprise the following steps:
- (i) a specification of the goods, materials, services and the execution of works shall be drawn up; an identical spec to be given to each prospective contractor
 - (ii) tenders are to be sent, in a sealed marked envelope, to the Proper Officer by a stated date and time
 - (iii) tenders submitted are to be opened, after the stated closing date and time, by the Proper Officer and at least one member of the Council and numbered
 - (iv) tenders are then to be assessed and reported to the appropriate meeting of Council or Committee and identified by allocated number only
- (e) If less than three tenders are received for contracts above £15,000 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.

- (f) When it is to enter into a contract less than £15,000 and more than £5,000 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/RFO shall seek not less than 3 quotations (priced descriptions of the proposed supply); where the value is below £5,000 and above £2000 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 above shall apply.
- (g) The Council shall not be obliged to accept the lowest or 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.
- 12.2 Where contracts provide for payment by instalments the Finance Officer 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 fluctuation clauses, will exceed the contract sum by 5% or more council should be notified
- 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.

13. STORES AND EQUIPMENT

- 13.1 Members of staff in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 13.2 Delivery Notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made. Delivery notes to be passed to the FO to match with invoice.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational requirements

14. ASSETS, PROPERTIES AND ESTATES

- 14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties owned by the Council. The relevant Committee shall ensure a record is maintained of all properties owned by the Council, recording the location, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations. The relevant Committee 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 annually.
- 14.2 With agreement of Full Council Letting of properties can be administered by an approved Letting Agency. The Finance Officer shall ensure all rents are duly recorded upon receipt and reported to Council.
- 14.3 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 £250.

15. Insurance

- 15.1 The RFO/Parish Clerk shall effect all insurances, review annually and keep an up to date record. The Clerk is responsible for overseeing all claims on the Council's insurers.
- 15.2 The Clerk shall give prompt notification to the councillors of all new risks, properties or vehicles which require insurance and of any alterations affecting existing insurances.
- 15.3 The Clerk/RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.
- 15.4 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

16. RISK MANAGEMENT

- 16.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk/RFO shall organise, 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 annually.
- 16.2 When considering any new activity, The Clerk/RFO shall organise the preparation of a draft risk assessment including risk management proposals for consideration and adoption by the council.
- 16.3 Access to computer software containing financial information will be password protected. The passwords will be individual to members of staff or members of the Council and will be changed on a regular basis.
- 16.4 All staff using computers for the Council's financial business shall ensure that anti-virus, anti-spyware, firewall and automatic updates are used, together with a high level of security.
- 16.5 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.

17. REVISION OF FINANCIAL REGULATIONS

- 17.1 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.

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