

**ETWALL PARISH COUNCIL**  
**FINANCIAL REGULATIONS**  
**April 2016**  
**(based on MODEL 2 (England))**

These Financial Regulations were adopted by the Council at its Meeting held on 4<sup>th</sup> April 2016  
and are an update of those agreed in April/May 2012

**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.  
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 financial control which facilitates the effective exercise of the council's functions, including arrangements for 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 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.
- 1.4 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.
- 1.5 In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.
- 1.6 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.

**2. ANNUAL ESTIMATES (BUDGET)**

- 2.1 Each Committee shall formulate and submit proposals to the RFO in respect of revenue and capital including the use of reserves and sources of funding for the following financial year in accordance with the councils approved financial timetable.
- 2.2 Detailed estimates of all receipts and payments 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 draft budget to be considered by the Council's Finance committee in accordance with the Councils approved financial timetable.
- 2.3 The Finance Committee will meet in accordance with the Councils approved financial timetable to consider the draft budget prepared in accordance with items 2.1 and 2.2 above, and together with any last minute updated financial information, will prepare, with the RFO, for recommendation to Council, a budget and the required level of precept necessary to fund it, for the ensuing year.

- 2.4 The Council shall review the recommendations of the RFO and Finance Committee in accordance with the Councils approved financial timetable each financial 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.
- 2.5 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.6 The Council shall consider the need for and shall have regard to a three year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual 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 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 under each heading of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter.
- 3.4 In the event that work of an urgent (emergency), nature, requiring an expenditure of up to £300 is required, the Clerk is authorized to incur such expenditure and obtain retrospective approval at the following meeting of the Parish Council.
- 3.5 If emergency expenditure above £300 but not exceeding £1,000 is required, whether or not there is any budgetary provision for the expenditure, the Clerk must obtain the approval of four individual Councilors, in order to be authorized to proceed. These four persons must include the Chair and/or Vice Chair of the council, and preferably the Chair of the appropriate committee. If approval is agreed, the Clerk must ensure that an item of retrospective expenditure (quoting Financial Regulation 3.5 is placed on the next agenda. In the event that the next meeting's agenda has already been issued, the meeting will receive an oral report from the Clerk, who will then place an item of retrospective expenditure (quoting Financial Regulation 3.5 on the agenda of the following full Council meeting.
- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the council.
- 3.7 No expenditure shall be incurred in relation to any capital project and no contracts entered into or tender accepted involving expenditure unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval can be obtained.
- 3.8 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 in accordance with the Accounts and Audit Regulations.

- 4.2 The RFO 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 RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the External Auditor) and 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, in conjunction with the Finance Committee shall ensure that there is 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 the 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 RFO shall make arrangements for inspection of the accounts, books and vouchers, and for the display of publication of any notices and statements of accounts required by all Acts, Regulations and Proper Practices.
- 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, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO and, together with the relevant invoices, be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council, and shall be initialled by the Chairman of the Meeting. If more appropriate the detail may be shown in the Minutes of the Meeting.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4 shall be signed by two members of Council.
- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall also initial the cheque counterfoil.
- 5.5 Where payment is to be authorised online, the schedule of the payments presented to the meeting should clearly indicate which items these will be.

## **6. PAYMENT OF ACCOUNTS**

- 6.1 All payments shall be effected by cheque or by direct debit drawn on the Council's bankers or by the use of online payment using a minimum of two approved verifications from authorised Council Members.

- 6.2 All invoices for payment shall be examined verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or services, to which the invoice relates, shall have been received, carried out, examined and approved.
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.4 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of the Council, where the Clerk and RFO certify that there is no dispute or other reason to delay payment, the Clerk may (not withstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of the Council.
- 6.5 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk or RFO (for example for postage or minor stationary items) shall be refunded on a regular basis, at least quarterly.
- 6.6 If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to council as made. The approval of use of a Direct Debit shall be renewed by resolution of the council at least every two years.

## **7. PAYMENT OF SALARIES, WAGES AND PENSIONS**

- 7.1 As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE, National Insurance and Pension legislation.
- 7.2 Council shall agree all salary and wage scales.
- 7.3 The payment of all salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, shall be made by the Clerk in accordance with payroll records and the rules of PAYE, National Insurance and Pensions currently operating, and on the appropriate dates stipulated in employment contracts.
- 7.4 The payment of all salaries and wages, and deductions from salary and wages shall be reported to and ratified by the next available Council Meeting.
- 7.5 All time sheets shall be examined by the Clerk to ensure that they have been signed and duly certified that such time has been worked.

## **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 as approved by Council.
- 8.2 The Council and RFO 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 borrowings shall be affected 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 the terms and purpose. The terms and conditions of borrowing shall be reviewed at least annually.
- 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 The Council will review all fees and charges annually, including those delegated to it by way of being sole trustee of any Charity.
- 9.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.4 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.
- 9.5 The origin of each receipt shall be entered on the paying-in slip.
- 9.6 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.7 The RFO shall promptly complete any VAT return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year-end.
- 9.8 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 a 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, letter or email 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 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 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 11.1 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 Minute can record the power being used.

## 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 Internal or External Auditor up to an estimated value of £250 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of the Council);
  - (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 £10,000 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.
- (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 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 until the prescribed date for opening tenders for that contract.
- (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 the Council, who must have no declared interest in the contract or possible suppliers.
- (f) If less than three tenders are received for contracts above £10,000, 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.
- (g) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 61, 63 and 64.

- (h) When it is to enter into a contract less than £10,000 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 three quotations (priced descriptions of the proposed supply); where the value is below £1,500 and above £200 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
- (i) 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 authorized 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 where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the council.
- 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, the council being informed where the final cost is likely to exceed the financial provision.]

## **13 CONSUMABLES AND EQUIPMENT**

- 13.1 Parish Council Committees shall be responsible for the care and custody of all consumables and equipment within their remit.
- 13.2 Delivery notes shall be obtained in respect of all goods received or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.
- 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 of properties owned by the Council. The RFO shall ensure a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 14.2 No property shall be sold, leased or otherwise disposed of without the Authority of the Council, together with any 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 shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

**15 INSURANCE**

- 15.1 Following the annual risk assessment (per Financial Regulation 17), the RFO shall affect all insurances and negotiate all claims on the Council’s insurers.
- 15.2 The RFO shall keep a record of all insurance’s effected by the Council and the property and risks covered thereby and annually, together with the Finance Committee, review it.
- 15.3 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 the Council at the next available meeting.
- 15.4 All appropriate employees of the Council shall be included in suitable fidelity guarantee insurance, which shall cover the maximum risk exposure as determined by the Council.

**16 CHARITIES**

- 16.1 Where the Council is sole trustee of a charitable body the Clerk and RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Clerk and RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

**17 RISK MANAGEMENT**

- 17.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk, together with the Committees, shall prepare, for approval by the council, risk management policy statements in respect of all activities of the council. Risk policy statements shall be reviewed by the Council at least annually.
- 17.2 When considering any new activity, the Clerk, together with the Committees, shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

**18 REVISION OF FINANCIAL REGULATIONS**

- 18.1 It shall be the duty of the Council with recommendations from the Finance Committee, 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.

Accepted and signed on the Councils behalf ..... Chairman

..... Dated

Ref: ..... Minute Number