



YAXHAM PARISH COUNCIL

FINANCIAL REGULATIONS

**Adopted by the Council at its Meeting on
12th June 2014**

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FINANCIAL REGULATIONS

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 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 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 be responsible for the production of financial management information.

2 ANNUAL ESTIMATES

- 2.1 Each committee or sub committee (if in existence) shall formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of September each year.
- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.
- 2.3 The Council shall prepare a budget in accordance with the following timetable:
 - prepare a draft budget for the following financial year and present it to the full Council for consideration, note that this will normally be done in October
 - prepare a final budget for the following financial year and present it to the full Council for consideration and approval, note that this will normally be done in November;
 - prepare the precept for agreement and signing on behalf of the Council by the date required by Breckland Council.

The RFO shall supply each member with a copy of the draft and final budgets.

- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.

3 BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred which will exceed the amount provided in the revenue budget.
- 3.3 Any proposal to vire funds between budgets should identify the source of the virement.
- 3.4 The RFO shall regularly provide to the Council a statement of receipts and payments to date under each heading of the budgets, comparing actual expenditure against that planned.
- 3.5 The Clerk may incur expenditure on behalf of the Council after consultation with the Chairman or, in his absence, the Vice Chairman 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 £500. The Clerk shall report the action to the Council as soon as practical thereafter.
- 3.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 3.7 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 the Accounts and Audit Regulations 2003 as amended.
- 4.2 The RFO shall be responsible for completing 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 Council.

- 4.3 The RFO shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the auditor appointed from time to time by the Audit Commission) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 2003 as amended, or set by the auditor.
- 4.4 The RFO shall be responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 2003 as amended. 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 as the RFO or Internal Auditor considers necessary for that purpose. The Internal Auditor shall be appointed annually by the council and shall carry out the work required in accordance with proper practices.
- 4.5 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. The internal auditor shall reassure himself that the risk of fraud being committed has been adequately covered in the Risk Assessment.
- 4.6 The Council should ensure that Internal Audit work has been carried out ethically, with integrity and objectivity and that it has been planned and tested throughout the year.
- 4.7 The RFO shall make arrangements for the opportunity of inspection of the accounts, books, and vouchers required by the Accounts and Audit Regulations (2003) and Accounts and Audit (Amendment) (England) Regulations (2006)
- 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.
- 4.9 Each year the Council shall arrange for a review of the system of internal control to be carried out. Although there will be input from the internal auditor, he cannot be allowed to influence the direction or extent of the review. The results of the review are to be reported to and considered by a full meeting of the Council. The review

needs to be completed prior to the completion of the Statement of Assurance in the Annual Return.

- 4.10 Members shall be offered relevant training to assist them in understanding the accounting and audit processes, how to carry out a review of the effectiveness of the system of internal audit, to understand the purpose of the review and what it includes. They should be encouraged to take up the opportunity to attend.

5 BANKING ARRANGEMENTS AND CHEQUES

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 The RFO may, with the agreement of Council, set up Internet Banking solely for the purposes of checking the balance in the accounts.
- 5.3 A schedule of the payments required shall be prepared by the RFO and, together with the relevant invoices, be presented to Council and shall be recorded in the minutes.
- 5.4 If the schedule is in order it shall be authorised by resolution of the Council and shall be initialled by the Chairman of the meeting.
- 5.5 Two members of the Council shall sign cheques drawn on the bank account in accordance with the schedule referred to in para 5.3 or 6.4.
- 5.6 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 each also initial the cheque counterfoil and voucher.
- 5.7 Transfers of funds between the Community Account and Savings Account and vice versa need not be authorised at Council Meetings. The RFO shall be authorised to move funds as dictated by circumstances but shall get the agreement of 2 signatories.

6 PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by cheque or other order drawn on the Council's bankers. An exception to this is for any payments that may only be made on the Internet (e.g. those related to the village web site). Once payment is authorised by the Council the RFO may use a personal credit/debit card to pay the sum due and a refund will be made from Council funds.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy himself 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 or the cessation of an on-going service, and the due date for payment is before the next scheduled meeting of the Council, where the RFO certifies that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding 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.

7 LOANS AND INVESTMENTS

- 7.1 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.
- 7.2 The Council's Investment Policy shall be in accordance with the Trustee Act 2000, and shall be reviewed on an annual basis in November.
- 7.3 All investments of money under the control of the Council shall be in the name of the Council.
- 7.4 All borrowings shall be affected in the name of the Council, after obtaining any necessary borrowing approval. Council shall approve any application for borrowing approval as to terms and purpose.
- 7.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

8 INCOME

- 8.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 8.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council and notified to the RFO. The RFO shall be responsible for the collection of all accounts due to the Council.
- 8.3 The Council will review all fees and charges annually, following a report by the Clerk.
- 8.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

- 8.5 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.
- 8.6 The origin of each receipt shall be entered on the paying in slip.
- 8.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 8.8 The RFO shall promptly complete any VAT return that is required. Any repayment claim due in accordance with the VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year-end.
- 8.9 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.

9 ORDERS FOR WORK, GOODS AND SERVICES

- 9.1 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.
- 9.2 Order books shall be controlled by the RFO.
- 9.3 All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order is to 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 para 10.1.
- 9.4 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 minutes can record the power being used.

10 CONTRACTS

- 10.1 Procedures as to contracts are laid down as follows:
 - 10.1.1 Every contract shall comply with these financial regulations, and no exceptions shall be made other than in an emergency, provided that these regulations shall not apply to contracts which relate to the following items:

- a. The supply of gas, electricity, water, sewerage and telephone services.
- b. Specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.
- c. Repairs to or parts for existing machinery, equipment or plant
- d. Work or services, which constitute an extension of an existing contract by the Council.
- e. Additional audit work of the External Auditor up to an estimated value of £250 (in excess of this sum the Clerk shall act after consultation with the Chairman or Vice Chairman of the Council).
- f. Goods and services proposed to be purchased that are proprietary articles and / or are only sold at fixed prices.

10.1.2 Where it is intended to enter into a contract for the supply of goods or services the following rules will apply (all values exclusive of VAT, where this is recoverable):

- a. Of value up to £500, two quotations will be obtained unless the Council considers a regular contractor can undertake the work competitively and efficiently.
- b. Of value greater than £500 up to £2500, three quotations will be obtained;
- c. Of value greater than £2500 up to £10000, three quotations will be obtained and, if thought appropriate, professional opinion obtained;
- d. Of value greater than £10000, three quotations will be obtained and professional opinion obtained.
- e. Notice of a contract exceeding £10000 shall state the general nature of the intended contract and state that tenders are to be addressed to the Clerk and the last date by which those tenders should reach that person in the ordinary course of post.
- f. The Clerk, in the presence of at least one member of Council, shall open all sealed tenders at the same time on the prescribed date.
- g. Neither the Council nor any sub committee is bound to accept the lowest tender.
- h. If no tenders are received or if all the tenders are identical the Council may make such arrangements for procuring the goods or materials or executing the works as it sees fit.
- i. An invitation to tender issued under this Regulation shall contain a statement of the effect of Standing Orders Nos. 21a, 21b and 21c.

- j. The use of local tradesmen and businesses should take priority so long as their quotations are competitive.

11 PROPERTIES AND ESTATES

- 11.1 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 the interest, tenancies granted, rents payable and purpose for which held in accordance with regulation 4(3)(b) of the Accounts and Audit regulations 2003 as amended.
- 11.2 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.
- 11.3 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.

12 INSURANCE

- 12.1 Following the annual risk assessment, (per Financial Regulation 14) the RFO shall affect all insurances and negotiate all claims on the Council's insurers.
- 12.2 The RFO shall give prompt notification to the Council of all new risks or properties that require to be insured and of any alterations affecting existing insurances.
- 12.3 The RFO shall keep a record of all insurances affected by the Council on the property and risks covered thereby and annually review it.
- 12.4 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 the Council at the next available meeting.
- 12.5 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.

13 CHARITIES

- 13.1 Where the Council is sole trustees 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/RFO shall arrange for any audit or independent examination as may be required by Charity Law or any governing document.

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. The Council shall review risk policy statements and consequential risk management arrangements 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.

15 REVIEW OF FINANCIAL REGULATIONS

- 15.1 It shall be the duty of the Council to review the Financial Regulations of the Council every 4 years and after the election of a new council or more often if required.