

**Bredhurst Parish Council**

**Financial Regulations**

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## **Bredhurst Parish Council**

### **Financial Regulations**

#### **1. General**

The Parish Council is legally responsible for ensuring that its Financial Management is adequate and effective and that the Council has a sound system of Financial Control, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. Financial regulations must be observed in conjunction with the council's standing orders and any individual financial regulations relating to contracts.

These Financial Regulations demonstrate how the Parish Council meets these responsibilities and may only be amended or varied by a resolution of the Council.

#### **2. Responsible Financial Officer**

The position of Responsible Financial Officer (RFO) is a statutory office and the RFO in this case the Parish Clerk. The RFO:

- Is appointed by the Parish Council and acts under the policy direction of the council.
- Administers the Council's financial affairs in accordance with all acts, regulations and proper practices<sup>1</sup>.
- Determines, on behalf of the Council, its accounting records, and accounting control systems.
- Maintains and ensures that the accounting records of the council are up to date in accordance with proper practices;
- Assists the council to secure economy, efficiency and effectiveness in the use of its resources; and
- Produces financial management information as required by the council.

If, in the opinion of the RFO, a decision has been taken that is unsafe or which may bring the council into disrepute the RFO has authority to 'call in' the decision and report the issue back to the council or committee for review.

#### **3. Value for Money**

The Parish Council shall adopt the principles of Value for Money in all of its financial dealings and associated matters.

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<sup>1</sup> The accounting records determined by the RFO shall be sufficient to show and explain the council's transactions and to enable the RFO to ensure that any income and expenditure account and statement of balances, or record of receipts and payments and additional information, as the case may be, or management information prepared for the council from time to time comply with the Accounts and Audit Regulations.

#### **4. Open and Accountable**

All financial and budgetary matters, including those leading to the setting of the Precept, shall be fully available to all parishioners and publicised via the Parish Council Agendas and Minutes, notice boards and the Parish Council's website. The allocation of budgets and their purpose shall be promoted in a similar way once the Precept has been approved

#### **5. Principles of Expenditure and Authority to Commit**

- 5.1 No project shall be submitted for approval to the Parish Council unless it has a Parish Councillor owner and it can be demonstrated to be of Value for Money to the parish and has adequate supporting capital and revenue information. The only exception to this rule shall be proposals for feasibility studies.
- 5.2 The Parish Council shall only commit annual expenditure up to the value of the Precept, received grants and other income plus reserves. Monies taken from the reserves shall be clearly identified.
- 5.3 Once approved by the Parish Council all disbursements shall be authorised by the Clerk, who shall specify the goods or service to be supplied and their agreed value. No expenditure will be authorised for payment unless provided for within these Financial Regulations or which is a previously agreed Standing Order, Direct Debit or BACS<sup>2</sup>.
- 5.4
  - (a) The Parish Council shall be permitted to commit up to the approved sum on all schemes within its budgets.
  - (b) The Council may authorise the transfer of monies between the contingency budget and other budgets after considering recommendations from the Clerk.
- 5.5 Payments due by Standing Order, Direct Debit or BACS are authorised by the Council and a list of all such payments must be included on the accounts payment lists.
- 5.6 For clarity, the following procedural steps shall be followed for all projects requiring expenditure:
  - (a) Identification of project to the Parish Council. It is expected that this will be done at the budget setting stage.
  - (b) Approval or rejection by Council after discussion.
  - (c) Priority rating allocated by Council.
  - (d) Tender specification<sup>3</sup> drawn up and approved by Council.
  - (e) Management of successful tenders/work agreed<sup>4</sup>
  - (f) Tenders/quotations invited by RFO to meet with specification approved by the Parish Council chairman.

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<sup>2</sup> Outside of the powers delegated to the RFO, expenditure is authorised by the Parish Council and committees. Agreed budgets also indicate what expenditure has been agreed/planned.

<sup>3</sup> Specifications should include when available relevant dates (commencement of work/services, finish date, frequency of any maintenance etc.), standards set/required, relevant maps or descriptions of locations, glossaries, payment terms, any identified penalties etc.

<sup>4</sup> Issues to be considered identification of project manager, identification of what checks will be undertaken to ensure any standards are met/work is completed, will there need to be any reviews on costs/prices etc.

- (g) Opening of Tenders/Quotations.
- (h) Evaluation by project owner and Parish Chairman for submission to Council.
- (i) Approval/rejection by Committee or Parish Council.
- (j) Order raised by RFO.
- (k) Work in progress shall be monitored.
- (l) Signing off confirming work done/goods delivered by RFO or chairman.
- (m) Payment of invoice, including the stage payment where appropriate.

5.7 Where the Parish Council donates money to, or financially supports another organisation or group, it is a condition of such financial support that a copy of the organisation's approved accounts shall be made available

5.8 If, in the opinion of the RFO, a financial decision has been taken that is unsafe or which may bring the council into disrepute the RFO has authority to report the issue back to the council for review.

## **6. Banking and Investments**

6.1 The Parish Council shall operate bank account(s) as appropriate and banking arrangements shall be approved by resolution of the Parish Council. The Parish Council shall review the banking arrangements as and when required but at least annually. Banking arrangements shall only be changed by resolution of the Parish Council. The Bank will issue statements to the Clerk at least monthly for current accounts and as appropriate for other accounts. Reports will be given at all Parish Council meetings.

6.2 All Parish Councillors can be authorised signatories. Each cheque / Direct Debit / Standing Order or BACS authorisation shall bear 2 authorised signatures. The Clerk, as the RFO, shall not be an authorised signatory.

6.3 Cash in excess of £200 received by the parish council shall be banked within two working days.

6.4 Cheques will be banked within 5 working days of receipt.

6.5 The RFO shall have delegated authority to authorise the payment of items only in the following circumstances:

- (a) Fund transfers within the council's own bank accounts banking arrangements up to the sum of £1,000, provided that a list of such transfers shall be submitted to the next Parish Council meeting.

## **7. Payment of Creditors**

7.1 All payments will be authorised in accordance with 6.2 above. Payments will only be made against invoices properly directed to the RFO, Bredhurst Parish Council.

7.2 The RFO can authorise procurement of goods or services and agree expenditure up to £1,000 after consultation with the Chairman.

- 7.3 The RFO shall have discretion to order goods and sundries and authorise the execution of minor works up to £500 necessary for the day-to-day performance of the Council's business.
- 7.4 Invoices will accompany cheques, BACS, DD or SO for payment and 2 Parish Councillors shall check these against the cheques etc. being presented for signature.
- 7.5 For each financial year the RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively, Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like) for which the Parish Council may authorise payment for the year provided that the requirements of regulation 6.2 are adhered to, provided also that a list of such payments shall be submitted to the next Parish Council meeting.

## **8. Annual and Interim Accounts**

- 8.1 Accounts will be prepared annually for the year ending 31<sup>st</sup> March, and then as soon as practical, presented to a full meeting of the Parish Council. A financial report shall be submitted to the Parish Council on variances over 15% against the budget, on the overall position of the Parish Council finances.
- 8.2 The Parish Council finances will be subject to one independent internal audit by a person who is both competent and can act independently from influence by the council. A report will be submitted to the Parish Council after each inspection. The appointment of the independent internal auditor will be reviewed annually by the Parish Council.
- 8.3 The Parish Council will make an annual return as required by the Accounts and Audit Regulations.
- 8.4 The Chairman or a Parish Councillor should undertake a minimum standards check every 4 months. This check will include checking bank statements and that regular banking of amounts paid to the Parish Council are taking place. Members will be asked to sign a minimum standards form to indicate that this has happened.
- 8.5 The Parish Clerk will be responsible for producing the Annual Governance Statement.

## **9. Principles of the Precept**

- 9.1 The Precept shall be used to raise the money necessary for the maintenance and repair of assets and land that are the responsibility of the Parish Council, as well as specific projects which the Parish Council may decide are for the benefit and in the interests of the community.

## **10. Preparation of Budgets and Setting of the Precept**

- 10.1 The Parish Council shall be responsible for setting their individual budgets.
- 10.2 The timing of preparation of budgets will be such as to lead to a draft budget being prepared by the RFO and submitted to Parish Councillors by December. The Parish Council shall then agree a budget and set a Precept.
- 10.4 All proposed expenditure shall show the legislation under which the Parish Council is empowered to make payment.

10.5 The approved annual budget shall form the basis of financial control for the following year.

## **11. Financial Carry-over Limits**

11.1 Schemes or projects which were approved but which are not contractually committed during a financial year shall be treated as new projects and subject to re-submission and re-evaluation for subsequent year(s).

## **12. Procurement**

12.1 A quotation / tender is defined as a fixed price for which specified work will be carried out, or goods supplied. Where possible the Parish Council will seek quotations.

12.2 An estimate is defined as a sum of money, which specified work or supply of goods may cost. It is not a fixed price. Estimates should not normally be sought.

12.3 Any proposed contract for the supply of goods, materials, services and the execution of works shall be procured as follows:

- (a) The method of selection of a company or persons to be contacted shall be decided by members or the RFO from any of the following sources:
  - any local authority 'fair trading' list;
  - by recommendation; or
  - by advertising in a local newspaper of the intention of the Council to invite tenders.
- (b) The Clerk may authorise the procurement of goods, materials, services and the execution of works up to £1,000, after consultation with the Chairman for purchases in excess of £500: see Financial Regulation 7.3 above.
- (c) The procurement of goods, materials, services and the execution of works between £1,000 and £5,000 shall be entered into, at the Council's discretion after consideration of quotations invited from contractors.
- (d) The procurement of goods, materials, services and the execution of works over £5,000 and not exceeding £10,000 shall not be entered into without three written quotations being obtained: see Financial Regulations 12.3 (f) & (i) below.
- (e) The procurement of goods, materials, services and the execution of works exceeding £10,000 shall not be entered into without a minimum of five contractors being invited to tender: see Financial Regulation 12.3 (i) below.
- (f) Where the circumstances make it inappropriate to invite the number of quotations specified above a lesser number of contractors, as decided by the Council, may be invited. Where the work or the supply of goods or materials is of such a nature as to render competitive tendering or the obtaining of a quotation impractical, the council may decide to select a single firm with or without a quotation for the purpose. Where the RFO believes it necessary to recommend waiving the specific financial regulations relating to contracts to enable a price to be negotiated without competition, the reason shall be embodied in a recommendation to the parish council.
- (g) All tenders and quotations for goods, materials or for the execution of works shall as far as practicable be based on a specification and unless the

specification sent to companies invites submission of other ideas/ recommendations no tender shall be accepted which deviates from that specification.

- (h) Tenders shall be opened in the presence of a Parish Councillor who must not be involved in considering the tender. A note signed by the opener will record the name of the company and the tender price. An alphabetical list of firms is to be included in the briefing document submitted to the committee choosing the successful quotation/tender.
- (i) If, despite attempts, an insufficient number of quotations/tenders is received or all submissions are identical the council may make such arrangements for procuring the goods or materials or executing the works as it thinks fit. None of this shall apply where the cost of this exceeds £60,000<sup>5</sup>.

12.4 In view of paragraph 3 in these regulations neither the Parish Council or any committee is bound to accept the lowest tender, estimate or quote.

12.5 If a person or company applying to the Council for work or employment is to his/her knowledge related to or has business links to any member or employee of the Council, then this link/relationship must be notified in writing to the RFO. Failure to do so will result in an application being rejected and, if already appointed, could result in termination without notice. The RFO shall report to the council or committee any such disclosure.

12.6 Canvassing of members of the Council or of any committee, directly or indirectly, for any appointment shall disqualify the applicant from such appointment. The RFO shall make known the purpose of this sub-paragraph to every applicant.

12.7 The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed<sup>6</sup>.

### **13. Payment of Salaries and Parish Councillor Allowances<sup>7</sup>**

13.1 The Council shall pay all salaries and Councillor Allowances in accordance with payroll records and the rules of PAYE and National Insurance operating at the time. Salaries and Parish Councillor Allowances shall be as approved by a resolution of the council.

13.2 Payment will be made by cheque or BACS at the end of each month unless that day falls on a weekend or bank holiday when it will be paid the previous Friday.

13.3 Parish Councillor Allowances, staff salaries and PAYE/NI may be paid by standing order or BACs as approved by the Parish Council.

### **14. Assets**

14.1 The RFO shall maintain an Asset Register, which shall be reviewed annually and re-valued as necessary.

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<sup>5</sup> ~~Standing Order 26(c).~~

<sup>6</sup> ~~Standing Order 26(f).~~

<sup>7</sup> Includes the Chairman's Allowance

14.2 The Asset Register will be used as a basis for the annual insurance renewal.

## **15. Responsibility for Observance**

15.1 Responsibility for advice to the Parish Council and observance of financial controls rests with the RFO as the Proper Officer and Responsible Financial Officer.

15.2 A breach of these Regulations by an employee is gross misconduct.

15.3 Members of 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.

## **16. Suspension and Revision of Financial Regulations**

16.1 The Financial Regulations of the Council shall be subject to annual review prior to the adoption of the Annual Governance Statement.

16.2 The RFO 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.

16.3 The council may, by resolution of the council duly notified prior to the relevant meeting of council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of council.

## **17. Risk Management**

17.1 The RFO shall annually review the insurance of the property, liabilities and commitments of the Parish Council and make recommendations to the Parish Council for adjustments as deemed necessary.

## **18. Income**

18.1 The collection of all sums due to the council shall be the responsibility of and come under the supervision of the RFO.

18.2 The Parish Council will review all fees and charges annually or biennially, following a report of the RFO.

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