**ST ERVAN PARISH COUNCIL**

**FINANCIAL REGULATIONS**

**UPDATED January 2022.**

**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, in consultation with the**

**Council, 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 published jointly by**

**NALC and SLCC and updated from time to time.**

**2. ANNUAL ESTIMATES (BUDGET)**

**2.1 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 budget to be considered by the Council.**

**2.2 The Council shall review the budget not later than the end of December each**

**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.**

**2.3 The annual budgets shall form the basis of financial control for the ensuing**

**year.**

**2.4 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 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 head of the budgets, comparing actual**

**expenditure to the appropriate date against that planned as shown in the**

**budget. These statements are to be prepared for each full meeting of 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, or purchase stationery or other**

**consumables for administration use, whether or not there is any budgetary**

**provision for the expenditure, subject to a limit of £100. The Clerk shall report**

**the action to the Council as soon as practicable thereafter.**

**3.5 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.**

**3.6 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, in consultation with the Council, 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 relevant body) 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 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 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 the opportunity for inspection of the**

**accounts, books, and vouchers and for the display or publication of any Notices**

**and statements of account required by Audit Commission Act 1998 and the**

**Accounts and Audit Regulations.**

**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 and a reference to the original minute of the Council that authorised**

**the spending, 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 each also initial the cheque counterfoil.**

**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 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 Council, or when such a payment will**

**receive much more favourable terms than otherwise would apply, where the**

**Clerk and/or RFO certify that there is no dispute or other reason to delay**

**payment, the Clerk may, having consulted with the Chairman or Deputy**

**Chairman of Council, or Chairman of Finance & Administration Committee,**

**(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 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 stationery items) shall be refunded on a**

**regular basis, at least quarterly.**

**6.6 If thought appropriate by the Council, payment for utility supplies (such as**

**rent, energy, telephone and water etc.) 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 the use of a variable Direct**

**Debit shall be renewed by resolution of the Council at least every two years.**

 **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 Payment of salaries and payment of deductions from salary such as may be**

**made for tax, national insurance and pension contributions, may be made in**

**accordance with the payroll records and on the appropriate dates stipulated in**

**employment contracts, provided that each payment is reported to and ratified**

**by the next available Council Meeting.**

**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 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 borrowings shall be effected in the name of the Council, after obtaining any**

**necessary borrowing approval. Any application for borrowing approval shall**

**be approved by Council as to terms and purpose. The terms and conditions of**

**borrowings 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 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 will review all fees and charges annually, following a report of the**

 **Clerk.**

**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 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 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 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.**

**9.9 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.**

 **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. 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, and for all orders over the value of £1,000 by obtaining three or**

**more quotations or estimates from appropriate suppliers, subject to any de**

**minimis provisions in Regulation 11 (I) 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 Minutes 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 external Auditor up to an estimated**

**value of £500 (in excess of this sum the Clerk and RFO shall act after**

 **consultation with the Chairman and Vice Chairman of 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 £5000 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, and/or a public notice of intention to place a contract shall be placed in a local newspaper.**

 **(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.**

 **(e)Each tendering firm shall be supplied 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 in the presence of at least one member of Council.**

 **(g) If less than three tenders are received for contracts above £5000or 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) Any invitation to tender issued under this regulation shall contain a**

 **statement indicating the requirements of any code of conduct adopted by**

 **the Council for the time being in respect the declaration of personal and/or**

 **prejudicial interests by Councillors.**

 **(i) When it is to enter into a contract less than £5000 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 3 quotations (priced**

 **descriptions of the proposed supply); where the value is below £1,000,**

 **Regulation 10 (3) above shall apply.**

**(j) 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 (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 STORES AND EQUIPMENT**

 **13.1 The officer 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.**

**13.3 Stocks shall be kept at the minimum levels consistent with operational**

**requirements.**

**13.4 The RFO shall be responsible for periodic checks of stocks and stores at least**

**annually.**

 **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 the 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 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**

**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 effect all insurances and negotiate all claims on the Council's insurers.**

**15.2 The RFO shall determine all new risks, properties or vehicles which require to**

**be insured and of any alterations affecting existing insurances, and take the**

**appropriate action to ensure adequate cover is provided.**

**15.3 The RFO 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 shall be notified of any loss liability or damage or of any event likely to**

**lead to a claim, and shall report these to 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 CHARITIES**

 **16.1 Where the Council is sole trustee of a Charitable body theRFO 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 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 RFO shall prepare, 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 at least annually.**

**17.2 When considering any new activity, the RFO 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 to review the Financial Regulations of the**

**Council annually. 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.**