



**Moretonhampstead Parish Council
Financial Regulations 2021-22**

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These Financial Regulations were adopted by the Council at its Meeting held on 10th April 2018.

1. GENERAL

- 1.1 These financial regulations govern the conduct of financial transactions of the Council and may only be amended or varied by resolution of the Council. Financial regulations must be observed in conjunction with the council's standing order.
- 1.2 The Council in law must have a robust financial management system. The Parish Clerk is the Responsible Financial Officer (RFO) of the Council.
- 1.3 The RFO, shall be responsible for the proper administration of the Council's financial affairs.
- 1.4 Deliberate or wilful breach of these regulations by an employee may give rise to disciplinary procedures.
- 1.5 In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.
- 1.6 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability for Smaller Authorities in England – a practitioners guide issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC).

2. ANNUAL BUDGET ESTIMATES

- 2.1 The Finance and Policy (F&P) Committee recommends to full Council a draft budget for the following financial year not later than the end of November each year.
- 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 Teignbridge District Council.
- 2.3 The annual budget 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 budget, without reference to the F&P Committee, who may decide to refer the matter to the Council.
- 3.3 The RFO shall provide the F&P Committee with a quarterly budget review.
- 3.4 The Parish Clerk in consultation with the Chairman may incur expenditure on behalf of the Council which is necessary to carry out 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 £750.
- 3.5 Unspent provisions in the budget shall be carried forward to a subsequent year by approval of the RFO.
- 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.

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, appropriate guidance and proper practices.
- 4.2 The RFO shall be responsible for ensuring completion of all accounts of the Council as soon as practicable after the year end of the financial year and submission to the Council for approval by resolution no later than 30 June each year.

4.3 The RFO shall be responsible for ensuring that there is an independent, adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices.

4.4 An internal Auditor, who shall be competent and independent of the operations of the Council, shall be appointed by the Council. The Internal Auditor will report to the Council in writing as required.

4.5 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity for inspection of the accounts and books required by the Accounts and Audit Regulations.

5. BANKING ARRANGEMENTS

5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council, banking arrangements may not be delegated to a committee.

5.2 The RFO presents a list of payments requiring authorisation at each full Council meeting (with supporting invoices available). Having satisfied itself the Council authorises payments by a resolution. The list is included in the relevant Council meeting minutes.

5.3 The RFO is responsible for comparing the invoices to confirm that the work, goods or services have been received or carried out and represents the expenditure previously approved by the Council.

6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS

6.1 All payments are paid by bank transfer, or otherwise, in accordance with a resolution of Council. Payments are authorised by two Councillors.

6.2 If a payment is necessary to be made to avoid a charge of interest under the Late Payment of Commercial Debts (interest) Act 1998, or required under the Public Contracts Regulations 2015, the RFO may take all necessary steps to settle such invoices.

6.3 For internet banking the RFO is the Service Administrator. The Bank Mandate approved by the council identifies a number of councillors who have authorisation to approve transactions.

6.4 Direct debit or standing order instructions, authorised by two signatories, are set up for the payment of telephone, rent and rates. Payments are included in the monthly list for authorisation. Regular off site back-up copies of the records are made.

6.5 Remembered or saved passwords facilities must not be used on any computer used for council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations. The council's computer has anti-virus, anti-spyware and firewall, software with automatic updates.

6.6 The Council does not hold petty cash. All cash received is banked intact. Any payments made in cash by the RFO (postage, refreshments etc) are refunded monthly.

6.7 Any Debit Card issued for use will be specifically restricted to the Clerk as RFO and will also be restricted to a monthly maximum value of £200 unless authorised by Council at a meeting or in writing before any order is placed.

6.8 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.

7. PAYMENT OF SALARIES

7.1 Salary functions are contracted to Old Mill Accountants who make arrangements to comply with the statutory requirements placed on all employers by PAYE and National Insurance legislation.

7.2 Salary payments are reported at Council meetings. No changes can be made to employee's pay or terms and conditions of employment without the prior consent of council. Termination payments require authorisation of the Council. Terms for employing interim staff must be agreed by the Council beforehand. Salary records are confidential and not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:

- a) by any councillor who can demonstrate a need to know;
- b) by the internal auditor;
- c) by the external auditor; or

d) by any person authorised under Audit Commission Act 1998, or any superseding legislation.

8. LOANS AND INVESTMENTS

8.1 All borrowings, loans and investments require a resolution of the Council who must agree its terms and purpose.

9. INCOME

9.1 The RFO is responsible for collecting monies due to the Council.

9.2 Any sums found to be irrecoverable and any bad debts will be reported to the Council and written off in the year.

9.3 The Council will review all fees and charges annually, following a report by the RFO.

9.4 The RFO shall promptly complete any VAT Return that is required.

10. ORDERS FOR WORK, GOODS AND SERVICES

10.1 All Councillors and the RFO are responsible for obtaining value for money at all times, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 11 below. A Councillor may not issue an official order or make any contract on behalf of the Council. Contracts may not be disaggregated to avoid controls imposed by these regulations

11. CONTRACTS

11.1 Contracts must comply with these financial regulations, no exceptions will be made otherwise than in an emergency provided that this regulation need 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 additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chairman of council); and
- v. for goods or materials proposed to be purchased which are proprietary articles and / or are only sold at a fixed price.

11.2 Contracts exceeding £2,500 for the supply of goods, works or materials or specialist the RFO shall invite tenders from at least three firms. The RFO can seek the necessary technical assistance to prepare a specification in appropriate cases. If less than three tenders are received or if all the tenders are identical the Council can make such arrangements as it thinks fit for procuring the goods or materials or executing the works. The Council is not obliged to accept the lowest or any tender, quote or estimate.

12. ASSETS, PROPERTIES AND ESTATES

12.1 All title deeds and Land Registry Certificates of properties held by the Council are safely secured.

12.2 The Council's Asset Register is regularly updated.

13. INSURANCE

13.1 The RFO ensures the Council is adequately insured and reports any changes to the F&P Committee. All Councillors, employees and volunteers are covered, fidelity guarantee insurance is included.

13.2 The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and annually review it.

13.3 The RFO shall be notified of any loss, liability, damage or any event likely to lead to a claim, and shall report these to Council at the next available meeting.

14. RISK MANAGEMENT

14.1 The Council is responsible for putting in place arrangements for the management of risk. Annually the RFO shall carry out a risk assessment, using a robust, proportionate and appropriate method, across all activities of the Council.

15. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS

15.1 The RFO monitors changes in legislation and proper practices and advises the council of any requirements for consequential amendments to these financial regulations.

15.2 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.

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