

WELTON PARISH COUNCIL
FINANCIAL REGULATIONS 2013

These Financial Regulations were adopted by the Council at its Meeting held on 29th January 2013. They were amended and adopted in November 2015 and again in November 2016.

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 produce financial management information as required by the Council on a monthly basis.

2. ANNUAL ESTIMATES (BUDGET)

- 2.1. The Finance Working Party shall receive each quarter updates from the RFO as to the Council's financial position and shall prepare budget and spending proposals for Council approval.
- 2.2. Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year together with estimates of the expenditure for the remainder of the current year shall be prepared each year by the RFO in the form of a budget to be considered by the Council.
- 2.3. 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 for approval by the council at the December Council meeting

- 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 for that class of expenditure in the approved budget.
- 3.2. No expenditure may be incurred that will exceed the amount provided for in the budget for that class of expenditure without the approval of the Council. 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 on a quarterly basis 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.
- 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 in the view of the clerk 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 £1,500. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5. The Clerk may incur expenditure, subject to a limit of £300 each time, without prior authority of the Council, on the following items: office supplies, printing, training courses (up to £100 per place), items subject to a regular agreement, minor works and maintenance and routine expenditure (the Clerk to decide what is 'minor' or 'routine').
- 3.6. Unallocated provisions in the revenue budget shall not be carried forward to a subsequent year. Expenditure agreed on in a financial year shall be deemed to have been incurred for budgetary purposes in that year.
- 3.7. 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.
- 3.8. All capital works shall be administered in accordance with the Council's financial regulations relating to contracts.
- 3.9. Oversight of progression towards the Council's budget target shall be monitored on a regular basis by the RFO in consultation with the Finance Working Party. The Finance Working Party shall report regularly to the Council.

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 (1996).
- 4.2. Once in each quarter, and at each financial year end, the Finance & Policy Working Group will verify bank reconciliations (for all accounts including loans and investments) produced by the RFO. This activity shall on conclusion be reported, including any exceptions, to and noted by the Council.
- 4.3. 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.
- 4.4. The RFO shall complete the Accounts of the Council contained in the Annual Return. The RFO shall submit the Annual Return for approval and authorisation by the Council at its Annual Meeting in May of each year. Subject to approval by the Council, the RFO shall submit the Annual Return to the appropriate authority no later than the 30th June each year.
- 4.5. 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. All such information provided or explanation so provided shall be protected under the Council's privacy policy and any original documents submitted for examination shall be returned to the officer or member of the Council after a period of three months whether or not the investigation has been completed.
- 4.6. An 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.
- 4.7. 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.
- 4.8. 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.

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 authorised signatories
- 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 and the order for payment/invoice.

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 their self that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved. The invoice and cheques in payment shall be signed by the two authorised signatories.
- 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 that are in order and approved as per 6.2 above 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, where the Clerk and RFO certify 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 Council.
- 6.5. 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.

7. PETTY CASH

- 7.1. The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Evidence of expenditure made shall be forwarded to the RFO with a claim for reimbursement. Any such expenditure should be claimed monthly.
- 7.2. The RFO will adopt the imprest system for petty cash, the imprest amount being £100 or such other amount as the council shall from time to time decide. Petty cash transactions shall be recorded in a petty cash register. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
- 7.3. Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
- 7.4. Payments to maintain the imprest amount shall be shown separately on the schedule of payments presented to Council under 5.2 above.

8. PAYMENT OF SALARIES

- 8.1. 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.
- 8.2. 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.
- 8.3. Claims for payment for any additional hours worked shall be placed before the next available council meeting for approval and authorisation of payment.

9. LOANS AND INVESTMENTS

- 9.1. 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 application for borrowing approval, and subsequent arrangements for the loan shall only be approved by full council.
- 9.2. Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as Hire Purchase or Leasing of tangible assets) shall be subject to approval by the full council. In each case a report in writing shall be provided to council in respect of value for money for the proposed transaction.
- 9.3. 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.

- 9.4. The council shall consider the need for an Investment Strategy and Policy which, if drawn up, shall be in accordance with relevant regulations, proper practices and guidance. Any Strategy and Policy shall be reviewed by the council at least annually.
- 9.5. All investments of money under the control of the council shall be in the name of the council.
- 9.6. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.
- 9.7. Payments in respect of short term or long term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with Regulation 5 (Banking Arrangements) and Regulation 6 (Payment of Accounts).

10. INCOME

- 10.1. The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 10.2. Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
- 10.3. The Council will review all fees and charges quarterly, following a report of the Clerk.
- 10.4. Any sums found to be irrecoverable and any bad debts shall be reported to the Council.
- 10.5. 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.
- 10.6. The origin of each receipt shall be entered on the paying-in slip.
- 10.7. Personal cheques shall not be cashed out of money held on behalf of the Council.
- 10.8. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.

11. ORDERS FOR WORK, GOODS AND SERVICES

- 11.1. 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 in an order book.
- 11.2. Order books shall be controlled by the RFO.
- 11.3. 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 two or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions.

- 11.4. 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.

12. CONTRACTS

- 12.1. Procedures as to contracts are laid down as follows:

12.1.1. Every contract shall (subject to provisions in these regulations to the contrary) 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 1 to 6 below

12.1.1.1. for the supply of gas, electricity, water, sewerage and telephone services;

12.1.1.2. for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;

12.1.1.3. 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;

12.1.1.4. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;

12.1.1.5. for additional audit work of the external Auditor

12.1.1.6. for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

12.1.2. 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 11.1.1 the Clerk shall invite tenders from at least two firms.

12.1.3. Where it is intended to enter into a contract exceeding £25,000, the process shall satisfy the requirements of the Public Contract Regulations 2015 and will be procured on the basis of a formal tender. The council will advertise the contract opportunity on the Contract Finder website.

12.1.4. 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.

12.1.5. 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

12.1.6. If less than two 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.

12.1.7. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

12.1.8. The Clerk may at their discretion enter into a contract for a sum of £1,500 or less in value for the supply of goods or materials or for the execution of works or specialist services provided that such expenditure is required to give effect to a resolution of the Council that has previously been made and providing that the Council has approved such expenditure up to the amount to be incurred. The Clerk shall at all times have regard to provisions of paragraph 10.3 above.

13. ASSETS, PROPERTIES AND ESTATES

13.1. The RFO shall ensure an up-to-date record is maintained of all assets 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.

13.2. No assets 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 £250.

13.3. No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law. In each case a report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

13.4. No real property (interests in land) shall be purchased or acquired without the authority of the full council. In each case a report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

13.5. Subject only to the limit set in Regulation 13.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full council. In each case a report in writing shall be provided to council with a full business case.

13.6. 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.

14. INSURANCE

- 14.1. The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 14.2. The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and annually review it.
- 14.3. 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 Council at the next available meeting.
- 14.4. All appropriate members and employees of the council shall be included in a suitable form of security or fidelity guarantee insurance which shall cover the maximum risk exposure as determined annually by the council, or duly delegated committee.

15. CHARITIES

- 15.1. 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.

16. RISK MANAGEMENT

- 16.1. The council is responsible for putting in place arrangements for the management of risk. The Clerk 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.
- 16.2. When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

17. REVISION OF FINANCIAL REGULATIONS

- 17.1. It shall be the duty of the Council to review the Financial Regulations of the Council annually on the anniversary of their adoption or at the next meeting of the Council thereafter. 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

17.2. 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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