

MEARE PARISH COUNCIL

FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its Meeting held on 18th July 2022.

1. GENERAL

1.1 These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.

1.2 The Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.

1.3 The RFO shall be responsible for the production of financial management information.

1.4 The Council shall be responsible for ensuring that the financial management is adequate and effective and that the council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk.

No changes proposed in Section 1, only the date of the adoption

2. ANNUAL ESTIMATES

2.1 Annually, the budget for the ensuing year is forecast. Committees of the council, or the Full Council desiring to incur expenditure shall formulate and submit proposals to the Clerk in respect of the expenditure, both revenue and capital recommended for the following financial year not later than the end of December each year.

2.2 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.

2.3 The Council shall review the estimates not later than the end of November each year and shall recommend approval of the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority.

2.4 The annual budgets shall form the basis of financial control for the ensuing year and will be regularly reviewed.

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 which will exceed the amount provided in the revenue budget unless specifically agreed by resolution of Council. During the budget year and with the approval of Council having considered 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 against that planned. Meare Parish Council does this in the form of an Appendix to the Summary of Account each month.

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, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500.

The Chairman of Council may incur expenditure on behalf of the council in an emergency situation subject to a limit of £500. The Clerk shall report such actions 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 as required by the Accounts and Audit Regulations 2015 and 2021, and any subsequent amendments thereto.

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 timescale set by the Accounts and Audit Regulations 1996 as amended, or set by the Auditor.

4.4 The RFO shall be responsible for ensuring that there is 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 2015 and 2021, and any subsequent amendments thereto. 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 Should a Finance & Administration Committee exist, then they shall carry out a review of the effectiveness of internal audit to report to Council on an annual basis in accordance with the Accounts and Audit Regulations 2015 and 2021, and any subsequent amendments thereto. In the event that there is no Finance and Administration Committee, then Full Council will undertake this role.

4.6 The Internal Auditor shall carry out the work required by the RFO and the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing with a minimum of one annual report in respect of each financial year.

4.7 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 2015 and 2021, and any subsequent amendments thereto.

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

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 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 members of Council and in the case of electronic payments shall be made shall be authorised by two 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/order for payment and invoice.

6. PAYMENT OF ACCOUNTS

6.1 All invoices for payment shall be examined, verified and certified by the RFO. The RFO shall be satisfied that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.

6.2 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The RFO shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting. For months where there is no scheduled Council meeting (August and December) any payments due, (providing they conform with the required scrutiny as detailed above) are to be presented to those Councillors with financial responsibilities and if considered accurate and conforming, will be paid. Invoices where further clarity is required will be held over until the next available meeting for discussion.

6.3 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 RFO certifies that there is no dispute or other reason to delay payment, the RFO may (notwithstanding para 6.2) 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

6.4 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.

7. PAYMENT OF SALARIES

7.1 The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating.

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, 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 the Trustee Act 2000, and shall be reviewed on a regular basis (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.

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 The Council will review all fees and charges annually, following reports from the relevant committees, if any.

9.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the financial year.

9.4 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.

9.5 The origin of each receipt shall be entered on the paying-in slip.

9.6 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.

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 for two years.

10.2 Purchase orders are to be completed by the RFO and controlled by him/her. Purchase Orders are to be quoted when ordering goods or services and should be acknowledged on the subsequent invoice.

10.3 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 Regulation 11(c) 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 whether made by the Council or by a Committee to which the power of making contracts has been delegated shall comply with these financial regulations, and no exceptions shall be made otherwise than by direction of the Council or in an emergency by such Committee as aforesaid, 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 £250 (in excess of this sum the 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) The clerk shall be allowed to spend up to £500 without prior approval of Council.

(c) Where it is intended to enter into a contract 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 accepted as set out in paragraph (a):

(i) For expenditure of between £100 and £500 the chairman together with the clerk shall have executive power and shall strive to obtain 3 estimates;

(ii) For expenditure of between £500 and £30,000 prior approval of Council shall be required and three quotations (priced descriptions of the proposed supply) shall be obtained;

(iii) For expenditure exceeding £30,000 the clerk shall invite tenders from at least three firms.

(d) 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.

(e) Every exception made by a Committee to which the power of making contracts has been delegated shall be reported to the Council and the report shall specify the emergency by which the exception shall have been justified.

(f) 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 and the last date by which such tenders should reach the Clerk in the ordinary course of post. 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.

(g) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk or the properly authorised deputy in the presence of at least one member of Council.

(h) All tenders will be considered in a private/confidential session of the council.

(i) If less than three tenders are received for contracts above £30,000 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.

(j) Any invitation to tender issued under these financial regulations shall contain the statements:

(i) The Council shall not be obliged to accept the lowest or any tender, quote or estimate;

(ii) This Council does not accept any costs incurred in the preparation and submission of any tender.

(k) Council members shall not be precluded from tendering for supplies or services to the Council provided that the requirements of Financial Regulations and Standing Orders are complied with on all occasions.

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 before any work has begun, the Council being informed where the final cost is likely to exceed the financial provision.

13. PROPERTIES AND ESTATES

13.1 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 1996 as amended.

13.2 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. INSURANCE

14.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers

14.2 The RFO shall give prompt notification to the Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

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

14.4 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

14.5 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.

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 Finance and Administration Committee shall carry out a Financial Risk Assessment on an annual basis in accordance with the Accounts and Audit Regulations 2015 and 2021, and any subsequent amendments thereto. The minutes shall record such review of the financial risks.

17. REVISION OF FINANCIAL REGULATIONS

17.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time, as a minimum at least once in each quadrennium of the council.

APPENDIX OF ACCOUNTS AND AUDIT REGULATIONS 2015 (as amended 2021)

RESPONSIBILITIES OF CHAIRMAN, COUNCILLORS AND CLERK (RFO) Parish and town councils are required under Section 151 of the Local Government Act, 1972 to appoint a Responsible Financial Officer ("RFO"). As the Clerk is usually responsible for the proper discharge of a parish or town council's functions, as the appointed 'Proper Officer' of the Council, under Section 112 of the Local Government Act 1972, it is assumed that Clerks of most medium and all small local councils will probably also be responsible for their Council's financial affairs and appointed as the RFO, but not necessarily. At Meare the clerk is also the RFO.

Responsibilities of Council the responsibilities of the RFO are considerable, but the responsibility for management of the Council's finances does not rest with the RFO alone.

Regulation 4 requires a Council to have a corporate responsibility "for financial management and system of internal control";

Regulation 5 makes provision in respect of the accounting records and control systems;

Regulation 6 requires a Council to "follow proper internal audit practices". The Council itself is asked to give a public assurance (Section 2 of The Annual Return - Statement of Assurance) that in approving the annual statement of accounts it is satisfied that this has been prepared in accordance with the requirements of the Accounts and Audit (England) Regulations 2011, and proper accounting practices. As with all other decisions made by the Council, all of which have a

legal implication, councillors have a duty to make themselves familiar with the requirements contained in the Regulations as they are legally responsible as the elected members. [Local Councils' Governance and Accountability Guidance – A Practitioners' Guide]. The Council Chairman and Councillors, in conjunction with their RFO, must ensure that proper internal controls are set up and enforced for their Council. These controls must ensure that:

- Income is in accordance with budgets;
- Income due is actually received;
- Expenses are in accordance with budget;
- Expenses have been properly authorised before being paid;
- The books of account are maintained on a month by month basis; and

The books of account are accurate and are regularly reconciled e.g. with bank statements. Annual Budgeting The preparation of the Annual Budget is one of the key tasks to be undertaken in any local council, irrespective of its size. CIPFA considers the budget to be the foremost control mechanism in a Council's financial affairs and advises that its importance should not be underestimated. All parish and town councils need to produce an annual revenue budget which sets out the Council's requirements for the forthcoming year. The budget has three purposes:

- It results in the Council setting the precept for the year;
- It gives the clerk (and other officers) authority to spend money, in accordance with the plans approved by members; and
- It provides a basis for monitoring progress during the year by comparing actual spending against planned spending. To ensure compliance with Regulation 5, it is vital that a Council, irrespective of its size, sets up in conjunction with its RFO, if not already in existence, a system to monitor income and expenditure against Budget headings throughout the financial year and investigate any material variations. Reports on actuals, estimates and variances should be made regularly to the Council. Quarterly budget reports are suggested as a minimum frequency.

PUBLIC ACCOUNTABILITY It is the intention of the Accounts and Audit Regulations 2015 to provide for greater accountability, transparency and openness in the provisions of information and to: Encourage standards by requiring up-to-date proper practices on internal audit, and the preparation of statements of account to be followed, and to encourage authorities to take corporate responsibility for the decisions. Conclusion The main thrust of the Regulations is to require local councils to operate sound financial management and to employ proper accounting practices appropriate to their size. Local councils work most effectively through the successful interaction of three personal components: the Chairman, the Councillors and the Clerk. Sound financial management and accounting practices required by the Regulations can only be achieved if: · The Clerk, the RFO, effectively carries out his/her duties in maintaining account records and control systems; · Councillors, through the Council, maintain an adequate and effective audit of accounting records and control systems through regularly monitoring of income and expenditure against the annual budget; and ·

The Chairman is fully aware of the requirements of the Accounts and Audit Regulations 2015 and ensures, as far as possible that the council, both elected and officer members, carry out their respective responsibilities under the regulations.

Signed (Chairman)

This policy was last reviewed on 18th July 2022