



# *Fremington Parish Council*

## *Financial Regulations*



*Published May 2018*

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The enclosed FINANCIAL REGULATIONS were approved  
and adopted for use on 22nd November 2010.  
They were revised on 12 May 2014 and reviewed on the 18th May 2015.  
Revised 14th May 2018

BY RESOLUTION OF THE COUNCIL

Victoria Woodhouse  
Parish Clerk and Responsible Financial Officer

## RECORD OF CHANGES

Holders of these Orders are requested to record below the entry of authorised changes as soon as such are issued by the Clerk in pursuance of Council resolution

Order No.	Signature of Person Posting the Change	Date
6. Payments of Accounts	V. Woodhouse	12th May 2014
11.b) & 11.2	V Woodhouse	14th May 2018

## **1. General**

- 1.1 These financial regulations shall 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) is the Clerk to the Council (Parish Clerk) under the policy direction of the Finance and Personnel Committee (F&P) shall be responsible for the proper administration of the Council's financial affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.

## **2. Annual Estimates**

- 2.1 Each committee shall formulate and submit proposals to the F&P Committee in respect of revenue services and capital projects for inclusion in the rolling capital programme not later than the end of December each year.
- 2.2 Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the RFO.
- 2.3 The F&P Committee shall review the estimates and submit them to the Council not later than the end of December in each year and shall recommend the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

## **3. Budgetary Control**

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in each approved committee budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate committee revenue budget unless a virement has been approved by the F&P Committee or the Council.
- 3.3 The RFO shall periodically provide the F&P Committee with a statement of income and expenditure to date under each head of the

approved annual revenue and capital budgets.

- 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 £2,000. The Clerk shall report the action to the appropriate committee as soon as practicable thereafter.
- 3.5 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within that committee's approved budget, it shall be subject to the provisions of a supplementary estimate approved by the F&P Committee or the Council.
- 3.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 3.7 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the committee concerned are satisfied that it is contained in the rolling capital programme and that the necessary capital funds are available, or the requisite borrowing approval can be obtained.
- 3.8 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 current legislation.
- 4.2 The RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and shall submit them to and report thereon to the Council.
- 4.3 In addition 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 shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts & Audit Regulations.

- 4.4 The following principles shall be observed in connection with accounting duties.
- a) The duty of providing information, calculating, checking and recording sums due to, or from, the Council, should be separated as completely as possible from the duty of collecting or dispersing them.
  - b) Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.
  - c) The RFO shall prepare regular bank reconciliations to be submitted to Council for approval.
- 4.5 The RFO shall be responsible for maintaining an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with current legislation. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which relate to their accounting and other records as appear to the RFO or Internal Auditor to be necessary for the purpose of the 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.
- 4.6 The Council has appointed an independent Internal Auditor as required by current legislation. 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 respects 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, 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 shall be made by the RFO and

approved by the F&P Committee. The RFO shall regularly review banking arrangements to ensure that charges are competitive and the service meets the needs of the Council.

- 5.2 A schedule of the payment of money shall be prepared by the RFO and together with the relevant invoices etc. presented to the F&P Committee. If the schedule is in order it shall be authorised by a resolution of that Committee.
- 5.3 Cheques drawn on the bank accounts in accordance with the schedule referred to in paragraph 5.2 shall be signed by two Council members and by the Clerk or the Services Officer.

## **6. Payment of Accounts**

- 6.1 Apart from petty cash payments, all payments shall be effected by cheque (in accordance with paragraph 5.3), BACS, CHAPS, Direct Debit or internet banking transfer and in accordance with the following regulations:
- 6.2 Payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates 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.
- 6.3 Payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 6.4 Payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.

## **7. Payment of Salaries and Wages**

- 7.1 The payment of all salaries, staff expenses and payment of deductions from salary such as tax, national insurance and pension contributions shall be made by the RFO from the salaries current account by means of the Bank Automated Credit System in

- 6.5 Before completing payments the RFO shall ensure all payments are legal and within the powers of the Council, the RFO shall also ensure payments are compliant with VAT and PAYE requirements and Legislation.
- 6.6 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
- 6.7 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 or a duly delegated committee.
- 6.8 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
- 6.9 The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall, software with automatic updates, together with a high level of security, is used.
- 6.10 Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. The Bank Mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts.
- 6.11 Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites"), and not through a search engine or e-mail link. 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.



- 6.12 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier.
- 6.13 Any Debit Card issued for use will be specifically restricted to the Clerk and/or the RFO and Services Officer and will also be restricted to a single transaction maximum value of [£500] unless authorised by council or finance committee in writing before any order is placed.
- 6.14 All invoices for payment shall be examined, verified and certified by the officer issuing the order. Before certifying an invoice the officer shall satisfy himself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
- 6.15 Duly certified invoices shall be passed to the RFO who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head. She shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.16 All duly certified invoices will then be entered on the schedule referred to in 5.2 above.
- 6.17 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement:
- a) The Parish Council will maintain an imprest system for petty cash. The Parish Clerk shall maintain a petty cash float to a limit of £100 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
  - b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
  - c) Payments to maintain the petty cash float shall be shown on a separate schedule presented to the F&GP Committee (under 5.2 above).

accordance with the payroll records.

- 7.2 All time sheets shall be certified as to accuracy by or on behalf of the Clerk.
- 7.3 All overtime shall be approved in advance by the Parish Clerk.

## **8. Loans and Investments**

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the Council, and shall be for a set period of time in accordance with Council policy. Changes to loans and investments should be reported to the F&P Committee at the earliest opportunity.
- 8.2 All investments of money under the control of the Council shall be in the name of the Council.
- 8.3 All borrowings shall be effected in the name of the Council.
- 8.4 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 the Parish Clerk/RFO.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO and the RFO shall be ultimately responsible for the collection of all accounts due to the Council. A report regarding outstanding debts to the authority shall be brought to the attention of the F&P Committee.
- 9.3 The Council will review all fees and charges annually, following a report of the Clerk.
- 9.4 Any bad debts shall be reported to the F&P Committee.
- 9.5 All sums received on behalf of the Council shall either be paid to the RFO for banking or be banked by the officer/employee collecting the money as directed by the RFO, including any deposits to the bank's night safe facilities. In all cases all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.

- 9.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 9.7 Every transfer of official money from one member of staff to another shall be signed for by the receiving officer.
- 9.8 Personal cheques shall not be cashed out of money held on behalf of the Council.

## **10. Orders for Work, Goods and Services**

- 10.1 An official order or letter shall be issued for all work, goods and services over £500 unless a formal contract is to be prepared or an official order would be inappropriate. Copies of orders issued shall be maintained.
- 10.2 An official order or letter does not need to be issued for work, goods and services under £500 unless the RFO deems it appropriate or necessary.
- 10.3 Order books shall be controlled by the RFO.
- 10.4 All officers are responsible for obtaining value for money at all times.
- 10.5 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.

## **11. Contracts**

- 11.1 Procedures as to the contracts are laid down in the Council's standing orders 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 exception from any of the following provisions of these financial regulations shall be made otherwise than by direction of the Council or in an emergency by such a Committee as aforesaid provided that these financial regulations shall not apply to contracts which relate to items (i) to (v) 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 goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price.
- b) Where it is intended to enter into a contract:
- i) exceeding £2,000 but less than £60,000 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 (a) the Clerk shall invite quotations from at least three firms, such firms to be taken from the appropriate approved list
  - ii) A public contract regulated by the Public Contracts Regulations 2015 with an estimated value in excess of £25,000 but less than the relevant thresholds above is subject to Regulations 109-114 of the Public Contracts Regulations 2015 which include a requirement on the Council to advertise the contract opportunity on the Contracts Finder website regardless of what other means it uses to advertise the opportunity.
  - ii) for expenditures of £2,000 or less in value the Chairman of the spending committee or his approved Vice Chairman together with the Clerk or the duly authorised deputy shall have executive power.
- c) When applications are made to waive standing orders relating to contracts to enable a quotation to be negotiated without competition the reason shall be embodied in a recommendation to the Council.

- d) 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.
- e) Such invitation to quote 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 quotations must be addressed to the Clerk and the last date by which such quotations should reach the Clerk in the ordinary course of post. Each firm invited to quote shall be supplied with a specially marked envelope in which the quotation is to be sealed and remain sealed until the prescribed date for opening quotations for that contract.
- f) All sealed quotations 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 the Council.
- g) If less than three quotations are received for contracts valued above £2,000 but less than £60,000 or if all the quotations 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 quote issued under this Financial Regulation shall contain a statement of the effect of Standing Order No. 21 a, b and c.
- i) The Council shall not be obliged to accept the lowest or any quotation.

11.2 Any proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £60,000 shall be procured on the basis of a formal tender as summarised in Financial Regulations below.

Any formal tender process shall comprise the following steps:

- i) a public notice of intention to place a contract to be placed in a local newspaper;
- ii) a specification of the goods, materials, services and the execution of works shall be drawn up; ex-

- iii) tenders are to be sent, in a sealed marked envelope, to the Proper Officer by a stated date and time;
- iv) tenders submitted are to be opened, after the stated closing date and time, by the Proper Officer and at least one member of the Council;
- v) tenders are then to be assessed and reported to the appropriate meeting of Council or Committee.

Neither the Council, nor any committee, is bound to accept the lowest tender, estimate or quote.

Where the value of a contract is likely to exceed £181,302 (or other threshold specified by the Office of Government Commerce from time to time) the Council must consider whether the current legislation regarding Public Contracts and Utilities Contracts apply to the contract and, if either of those Regulations apply, the Council must comply with EU procurement rules.

## **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.
- 12.2 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the appropriate Committee.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Clerk in writing, the appropriate Committee 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 must be obtained in respect of all goods received into store and goods must be checked as regard quality at the time delivery is made.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for an annual check of all stocks and stores.

#### **14. 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 current legislation.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council

#### **15. Insurance**

- 15.1 The RFO/Parish Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 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.
- 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.
- 15.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

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

- 16.1 It shall be the duty of the Finance and Personnel Committee to review

the Financial Regulations of the Council from time to time and to make such recommendations to the Council as the Committee considers are required.



# Notes

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