

## **CHEVENING PARISH COUNCIL**

### **Financial regulations adopted on 5<sup>th</sup> December 2016 (Minute 130 c)**

#### **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.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council. 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 practice.
- 1.3 The Clerk has been appointed as RFO for this Council.
- 1.4 The RFO shall produce financial management information as required by the Council.
- 1.5 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.
- 1.6 In these Financial Regulations references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of the Audit Commission Act 1998 s.27 and then in force.
- 1.7 In these Financial Regulations the term 'proper practice' or proper practices shall refer to guidance issued in the most recent issue of Governance and Accountability in Local Councils in England and Wales – A Practitioners' Guide published jointly by the National Association of Parish Councils and the Society of Local Council Clerks.

#### **2 ANNUAL BUDGET**

- 2.1 The Finance Working Party shall propose a budget each year to the Council in such time to allow the Council to agree an Annual Budget and advise the Precept to Sevenoaks District Council.
- 2.2 A copy of the approved Annual Budget shall be provided to each Councillor.
- 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 Annual Budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the Budget without the prior approval of the Council.

- 3.3 The RFO shall provide the Council with quarterly statements of receipts and payments to date under each budget item, comparing actual expenditure against that planned and shown in the Annual Budget.
- 3.4 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other works or services that are needed in the Parish, and that the Parish Council is lawfully allowed to do, which are of such urgency that they should be done at once, whether or not there is any provision for the expenditure. This expenditure is subject to a limit of £1,000 and with the prior concurrence of the Chairman, Vice Chairman or other Councillor. In the Clerk's absence the decision may be taken by the Chairman plus two other Councillors or in the Chairman's absence the Vice Chairman plus two other Councillors. If the Clerk, Chairman and Vice Chairman are all absent the decision may be taken by any three Councillors. The Clerk shall report such action to the Council as soon as practicable.
- 3.5 No expenditure shall be incurred 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.
- 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 to the Council.
- 4.3 The RFO shall complete 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 and Audit Regulations.
- 4.4 The RFO shall ensure that there is an 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 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 the 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 competence, 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 accounts, books and vouchers and for the display or publication of any Notices and statements of account required by the Audit Commission Act 1988 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 purely an administrative matter.

## 5 BANKING ARRANGMENTS 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 The Council's cheque book(s) shall normally only be held by the RFO.

5.3 Cheques for payment will normally be signed only at a Council Meeting and require the signature of any two Councillors.

5.4 If it necessary in exceptional circumstances for a cheque to be signed outside a Council Meeting, it will require the signature of the Chairman or Vice Chairman and one other Councillor and shall be included in the Minutes of the next Meeting.

5.5 Members signing cheques shall also initial the cheque stubs.

## 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 shall be examined and verified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates has 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 The Council will not maintain any form of cash float. All cash received must be banked intact. All payments made in cash by the RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

6.5 If thought appropriate by the Council payment for utility supplies (energy, telephone and water) may be made by variable Direct debit provided they are approved by the Council. 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 The Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operation and salaries shall be as agreed by the Council.

## 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 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 the 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 sums due to the Council shall be the responsibility of and under the control 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.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council.
- 9.5 All sums received on behalf of the Council shall be banked intact by the RFO. In all cases receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.7 The RFO shall promptly complete any VAT return that is required. Any repayment claim due in accordance with VAT Act 1994 s.33 shall be made at least quarterly.
- 9.8 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 PROCUREMENT OF WORK, GOODS AND SERVICES

- 10.1 Work, goods and services shall only be procured from suppliers by a letter from the Clerk and after authority has been granted at a Meeting of the Council, except in cases of items of a petty cash nature or when authorised by the Chairman or other Councillors in exceptional circumstances.

- 10.2 To ensure that value for money is obtained it is the Council's normal practice to obtain two competitive quotations for all work, goods and services, subject to a minimum estimated cost of between £1000 and £2,000. Above £2,000 three competitive quotes must be obtained: utility services, professional services, spare parts for existing equipment and proprietary items being exempted.
- 10.3 If it is estimated the cost of the work, goods or service to be procured will be above £1000 but below £10000, quotations shall be sought by a simple letter from relevant suppliers by the Clerk who shall open the quotations received and report them to the Council, after assuring himself as far as is possible himself they are on an equal footing.
- 10.4 If it is estimated the cost of the work, goods or services to be procured will be above £10000, a formal tendering process shall be used with Tenderers being asked to supply their information to the Clerk in sealed identifiable envelopes which shall be opened together and only on or after the prescribed date in the presence of the Clerk and at least one Councillor whose names shall be minuted when they report their findings to the Council.
- 10.5 In all cases where competitive prices are sought the Clerk shall endeavour to provide sufficient information to ensure that quotations or Tenders received are on an equal footing and contain all prices and other details required. It shall also be stated the Council will not be obliged to accept the lowest or any quotation or Tender.
- 10.6 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 ASSETS, PROPERTIES AND ESTATES

- 11.1 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 interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.
- 11.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council.
- 11.3 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.

## 12 INSURANCE

- 12.1 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 12.2 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 the Council at the next available meeting.

12.3 All appropriate employees of the Councils shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

13 RISK MANAGEMENT

13.1 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.

13.2 When considering any new activity the Council shall consider the risks, if any, involved and any risk management required.

14 REVISION OF FINANCIAL REGULATIONS

14.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Clerk shall make arrangements to monitor changes in legislation of proper practices and shall advise the Council of any requirement for consequential amendments of these Financial Regulations.

31 December 2016