



NEWICK PARISH COUNCIL

FINANCIAL REGULATIONS

These Financial Regulations were reviewed and adopted by the Council at its Meeting held on 29th March 2016

1. APPOINTMENT OF THE RESPONSIBLE FINANCIAL OFFICER

- That the Clerk be appointed as the Responsible Financial Officer (RFO) for the Council

2. GENERAL

- 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 but reviewed by the Finance and General Purposes Committee.
- The RFO, under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.
- The RFO shall be responsible for the production of financial management information.

3. ANNUAL ESTIMATES

- Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.
- The Council shall review the estimates not later than the end of November each year and shall fix the Precept to be levied for the ensuing financial year by early January. The RFO shall supply each member with a copy of the approved estimates.
- The annual budget shall form the basis of financial control for the ensuing year.

4. RESERVES

- The Council will always maintain at least three months operating budget within its reserves. This amount will be set each year after the budget exercise. This will be particularly important moving from one year's budget to the next. At any time when the working funds are in prospect of falling below this level the RFO will bring this to the immediate attention of the Chairman and Vice Chairman of the Council. This operating reserve will be calculated from the total of all the reserves held by the Council for whatever reason (excluding those funds the Council regards as committed).
- The Council will maintain certain reserve accounts in order to manage major expenditures that are not regular annual costs. These amounts will be removed from the budget before individual operating budgets are agreed. These reserves will be agreed at the annual budget Council meeting which is normally held in November.

5. BUDGETARY CONTROL

- The RFO shall regularly provide the Council and its internal auditor with a statement of receipts and payments to date.
- The Clerk with the Chairman and Vice Chairman 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 £500.00. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 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 has forecast, confirmed, and committed costs and the Council knows and agrees how these costs are to

be met. Every proposal for such expenditure must also include estimates of the on-going maintenance costs that will be imposed on the annual operating budgets.

- **Scheme/Project approval and decision process:**

When a Councillor (alone or as part of a sub group or formal committee) presents a scheme/project for Council's consideration and approval, an estimate of costs and how these will be met must be included.

If these costs are estimates with varying levels of certainty (the greater the uncertainty the greater should be the contingency allowance included in the estimate) the agreement of the Council is only approval to move to greater definition of the project and costs.

Only at the point at which the costs are fully known can the Council agree to implement the scheme/project. That decision must include agreement by the Council on how the scheme/project will be funded and (if appropriate) which Councillor(s) is/are responsible. In addition, any future annual operating costs must be understood and agreed.

- All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- Budgets will be established for appropriate Committees based on plans and risks and generated bottom up each year. Committees can spend within these budgets (if they meet the criteria). Outside those criteria, expenditure must be referred to the Council. Nevertheless, any contract or financial obligation that could extend beyond two years must be referred back to the full Council for approval before commitments can be made.
- **Contingency policy:** All contingency (for finally agreed projects and on-going costs) will be maintained at a Council level and only released after a full Council session. Contingency can be delegated by the full Council.
- **Risk assessment:** All expenditure that represents more than 20% of the Council's precept must be accompanied by a financial risk and obligation assessment.

6. ACCOUNTING AND AUDIT

- All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations.
- 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.
- 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 or its successor) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations, or set by the Auditor.
- The RFO shall be responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with the Accounts and Audit Regulations. 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.
- The Internal Auditor shall carry out the work required by the RFO, or by 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 or its successor. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the Council in writing on a regular basis and make a minimum of one annual report in respect of each financial year.

- The RFO shall make arrangements for the opportunity for public inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 14 and the Accounts and Audit Regulations 2011.
- 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.

7. BANKING ARRANGEMENTS AND CHEQUES

- The Council shall determine its banking arrangements which should be reviewed regularly for its service, value and control.
- Cheques drawn on the bank account shall be signed by two members of the Council. The Council may appoint six signatories.
- The RFO may transfer monies between the various accounts held by the Council but is not allowed to sign cheques or make electronic transfers to any account other than one held by the Council.
- Payment of accounts should be supported by the relevant invoices and, where possible, be presented to Council for approval, being initialled by one of the two councillor signatories.
- Each cheque counterfoil should be initialled by the signatories of the cheque.
- For each financial year, the Clerk together with the Chairman of the Council or Chairman of Finance and General Purposes Committee may draw up a list of due payments which arise on a regular basis as a result of a continuing contract, statutory duty or obligation (such as, but not exclusively, salaries, PAYE, National Insurance and pension fund contributions) for payment by standing order provided that such list is first presented for approval at the next appropriate Council meeting and the authorisation to the bank is signed by two members of the Council.

8. PAYMENT OF ACCOUNTS

- All payments shall be effected by cheque or standing order unless another method is promoted by SSALC and NALC and approved by the Council.
- All invoices for payment shall be examined, verified, and certified by the Clerk/RFO. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been authorised, received, carried out, examined and approved.
- Invoices that are not supported by an authorised prior commercial agreement and confirmation by at least two councillors that the service/goods have been received in the right quality and quantity must go before a Council Meeting before any payment can be made.
- Each invoice shall be examined for arithmetic accuracy and shall be analysed to the appropriate expenditure heading.
- All correct invoices received should be settled as commercially agreed and typically at the next appropriate meeting.
- If a payment is necessary to avoid a charge of interest under the Late Payment of Commercial Debt (interest) Act 1998 or to avoid payment of compensation under Directive 2011/7/EU on Combating Late Payment in Commercial Transactions, and the due date for payment is before the next scheduled meeting of the Council and the RFO certifies that there is no dispute or other reason to delay payment, the RFO can make arrangements to have this signed by two signatories.

9. PAYMENT OF SALARIES

- The Clerk's salary and pension contributions shall be paid monthly with the tax and national insurance deductions having been made at the rate agreed by the Council, all tax records etc. being kept correctly.
- Should the Clerk's salary be paid by Standing Order in accordance with paragraph 7 of these Regulations, any overtime may be paid monthly and the March payment should be checked to ensure correct payment of salary and all deductions at the financial year end.

10. INVESTMENTS

- All investments of money under the control of the Council shall be in the name of the Council.
- All saving/investment accounts will be held within Financial Conduct Authority authorised organisations.
- No more than £75,000 of the Council's money should be held by a single financial institution.
- All investments shall be reviewed annually.

11. INCOME

- The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- Particulars of all charges 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.
- The Council will review all fees and charges at the Annual Meeting of the Parish Council.
- Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- Income received must not be used as cash but must be separately banked with such frequency as is considered necessary.
- 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.
- Where any significant sums of cash are 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 the appropriate care is taken in the security and safety of individuals banking such cash.

12. ORDERS FOR WORK, GOODS AND SERVICES

- This applies to all expenditure above £500.
- No one councillor should be solely responsible for the agreement/commitment of the Council of funds and commercial transactions. There will always be two councillors involved with a proposed commitment, one of whom will not be a cheque signatory.
- All contracts and agreements to commercial terms and conditions must be signed by 2 councillors and approved by the RFO.
- These actions are all expected to be timely and performed in the correct order except in exceptional cases:- Need/Commitment/Delivery & Check/Invoice/Payment
- Before commitments are made the Council must approve at an appropriate meeting.
- In the event of an emergency the RFO may authorise work, goods, or services but will present to Council at the first opportunity full details and reasons why such a commitment was made.
- 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 and contracts shall be retained.
- All members and Officers are responsible for obtaining value for money at all times.

- The RFO shall verify the lawful nature of any proposed purchase before the issue of any order.
- The Chairman and Vice Chairman have delegated financial authority for purchase of goods or services up to the value of £500 provided it is supported by at least one other Councillor and is notified to the next Council meeting.
- The Clerk has delegated financial authority for purchase of stationery and other support items up to the value of £500 but any purchase should be notified to the next Council meeting.

13. CONTRACTS

Procedures as to contracts are laid down as follows:

- a) Every contract shall 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 (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 Internal or 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 the Council);
 - vi. for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

- b) Where it is intended to enter into a contract exceeding £25,000 and/or longer than 3 years, in value for the supply of goods or materials or for the execution of works or specialist services as are excepted as set out in paragraph (a) the Clerk shall invite tenders from at least three firms.

Where the value is below £25,000 and above £2000 and/or longer than 2 years the Clerk or RFO shall strive to obtain 3 quotations. Otherwise, Regulation 13 (c) shall apply.

Where the value is below £2000 and above £500 the Clerk or RFO shall strive to obtain at least 1 quotation. Otherwise, Regulation 13 (c) shall apply.

- c) 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.
- d) 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 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.
- e) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of the Council.
- f) If less than three tenders are received for contracts above £25,000 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.
- g) The Council shall not be obliged to accept the lowest of any tender, quotation or estimate, but should minute the reasons for its decision.

- h) The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2015/102 and the Utilities Contracts 2006 including thresholds shall be followed.

14. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- Payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon receipt of 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).
- 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 by 5% or more a report shall be submitted to the Council.
- 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, the Council being informed where the final cost is likely to exceed the financial provision.

15. STORES AND EQUIPMENT

- The Clerk shall be responsible for the care and custody of stores and equipment.
- The Clerk shall be responsible for the checks of stocks and stores at least annually.

16. PROPERTIES AND ESTATES

- The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk shall ensure a record is maintained of all properties owned by the Council, recording the locations, 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.
- 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.

17. INSURANCE

- Following an annual risk assessment, the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- The Clerk shall give prompt notification of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- The Clerk shall notify the Council 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.
- 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.

18. CHARITIES

- Where the Council is sole trustee of a Charitable body the Clerk/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/RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

19. RISK MANAGEMENT

- The Clerk shall prepare and promote risk management policy statements in respect of all activities of the Council.
- When considering any new activity the Clerk shall prepare a draft risk management policy for the activity and shall bring a draft addressing the legal and financial liabilities and risk management issues that arise to Council for consideration and, if thought appropriate, adoption.

20. EXPENSES

- The Council’s employees and Councillors may claim for reasonable receipted out of pocket expenses incurred whilst performing duties of the Council (including attending approved courses) outside the Parish of Newick. Car mileage can also be claimed at a rate agreed from time to time by the Council.
- Any expense likely to exceed £50, including prospective overnight expenses, must be authorised in advance by two Councillors, one of whom should be the Chairman of the Council, Vice Chairman of the Council, or Chairman of the Finance and General Resources Committee (F&GP).

21. REVISION OF FINANCIAL REGULATIONS

- It shall be the duty of the Council to review the Financial Regulations of the Council annually following recommendations from F&GP.

Signed:

Dated: 29th March 2016

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