

FINANCIAL REGULATIONS

1. GENERAL

- 1.1. These Financial Regulations shall govern the conduct of the financial transactions of the Parish Council and may only be amended or varied by resolution of the Parish Council.
- 1.2. The Clerk shall be the Responsible Financial Officer (RFO). In the absence of the Clerk for more than six weeks, then the Parish Council's Management Accountants are to be contracted to undertake the monthly routines, until the Clerk returns to work.
- 1.3. The RFO under the policy direction of the Parish Council with day to day management through the Finance and Policy (F&P) Committee shall be responsible for the proper administration of the Parish Council's financial affairs. Duties are to be set out in an appropriate job description.
- 1.4. 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 project estimates for inclusion in the "Budget and Precept" document not later than the end of October each year. This will be coordinated by the RFO who will distribute a letter to all Chairs of Committees as part of the budget and precept calculation procedures for the following year. A letter will be distributed annually, in September, by the RFO.
- 2.2. Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital accounts, shall be prepared annually by the RFO and placed in the "Budget and Precept" document.
- 2.3. The F&P Committee shall review the estimates and submit them to the Parish 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 Budget and Precept document, when approved by the Parish Council shall form the basis of the 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 the F&P Committee or the Parish Council has approved a virement.
- 3.3 The RFO shall periodically provide all members of the Parish Council 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 Parish Council, which is:
 - 3.4.1 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 £2,500. The Clerk shall report the action to the Parish Council and appropriate committee as soon as practicable thereafter.
 - 3.4.2 Necessary to make a payment before it has been authorised by the Parish Council. Such a payment shall be certified as to its correctness and urgency by the RFO. Such payment shall be authorised by the committee, if any, having charge of the business to which it relates, or by the RFO with the approval of the Chairman or Vice-Chairman of the Parish Council.
- 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 the Committee approved budget, it shall be subject to the provisions of a supplementary estimate approved by the F&P Committee or the Council.
- 3.6 Any committee with approved expenditure in the budget for the financial year may incur the same without further recourse to the Parish Council. Where the expenditure would exceed the sum agreed in the annual budget, then this is to be agreed by the Parish Council.
- 3.7 Unspent provision in the revenue budget shall not be carried forward to a subsequent year. The F&P Committee may transfer unspent revenue to an Earmarked Reserve subject to approval.
- 3.8 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 their rolling capital programme. The necessary capital funds are to be available or the requisite borrowing can be obtained.
- 3.9 All capital works shall be administered in accordance with Financial Regulation No: 11 (Contracts).

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of the Parish Council shall be determined by the RFO as required by the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit Regulations (Amendment) (England) Regulations 2006.

- 4.2 The RFO is to prepare annual Statement of Accounts (1 April - 31 March) for agreement by the Council no later than 31 May annually.
- 4.3 The RFO is to prepare the Annual Return together with any supporting documents required by the auditor, and this is to be completed and considered by the Council no later than 30 June annually. The RFO is then to arrange for the Annual Return to be submitted to the auditor within the timeframe set out by the auditor and in accordance with current regulations (see 4.1).
- 4.4 The following principles shall be observed in connection with accounting duties:
 - 4.4.1 The duty of providing information, calculating, checking and recording sums due to, or from the Parish Council should be separated as completely as possible from the duty of collecting or dispersing them.
 - 4.4.2 Officers charged with duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.
- 4.5 The RFO shall be responsible for maintaining an adequate and effective system of internal audit of the Parish Council's accounting, financial, and other operations in accordance with the current regulations (see 4.1) Any officer or member of the council, shall, if the RFO requires, make available such documents of the council which relate to their accounting and other records as appear to the RFO to be necessary for the purpose of the audit. Officers or members shall supply the RFO with such information and explanation, as the RFO considers necessary for that purpose.
- 4.6 A member of the F&P Committee is to conduct a monthly internal audit prepared by the RFO and sign the completed monthly internal audit sheet. The RFO is to set up a rota system and distribute it to members of the F&P Committee. Where members of the Committee are unable to carry out the audit on the date set, then that member is to arrange for another member the F&P Committee to do the audit and to inform the RFO in writing. The following are to be checked and included in the monthly audit:
 - 4.6.1 Bank Reconciliation, Trial Balance, Balance Sheet, and Income and Expenditure by heading.
 - 4.6.2 A check of all payments against invoices or payment requests.
 - 4.6.3 A check of the Cashbook receipts and payments.
 - 4.6.4 Random checks on associated documents such as the Purchase Day Book, Cheque books, and receipt books.
 - 4.6.5 A check of orders for payments, payments to made, and payments not presented to the Parish Council in the previous months schedule.

- 4.7 The RFO is to provide each member of the Council an extract of the accounts prior to Parish Council ordinary meetings. The extract is to consist of:
- 4.7.1 A list of receipts and payments for the month to date to be the same date as the Balance Sheet and Trial Balance.
 - 4.7.2 A signed internal audit form.
 - 4.7.3 Balance Sheet.
 - 4.7.4 Trial Balance.
 - 4.7.5 Income and Expenditure report, by heading, by committee (for Chairs of Committees monthly, and in April and September to each member of the Parish Council).
- 4.8 On completion of the monthly audit the member carrying out the audit is to inform the Chairman of the F&P Committee that the audit has been completed. The Chairman of the F&P Committee or a nominated member is to make a verbal report at the monthly meeting of the Parish Council, confirming that the actions at paragraph 4.6 have been carried out. The Chairman of the F&P Committee or nominated member is to request by resolution, that the schedule of payments¹ contained within the extract of accounts (paragraph 4.6) is approved. The schedule is to be signed by the Chairman of the Parish Council or the presiding Chairman. The schedule is to be attached to the minutes of the meeting together with the internal audit form, duly signed.
- 4.9 An external auditor is to be appointed to carry out a twice yearly audit of the accounts (Mid/End of Year) and produce a report for the F&P Committee as part of the requirements for the Annual Return under the current regulations (see 4.1).
- 4.10 The F&P Committee is to review the effectiveness of the internal audit system set out in these regulations annually, normally at their September meeting. Any points raised in reports provided by the Internal Auditor are to be considered during the review. The aim of the review will be to ensure that the internal audit procedures and processes of the Council remain effective. To that end, the review is to make a report to the Council that the internal audit provides assurance to the Council that the internal control and the management of financial risk can be relied on. Any areas for development or change should be identified in the report, and an appropriate action plan produced setting out the remedial action.

5. BANKING ARRANGEMENTS AND CHEQUES

- 5.1 The Parish Council's banking arrangement shall be made by the RFO and approved by the F&P Committee. One current account, one premier interest account (higher income account) are to be maintained at the bank.

¹ Orders for payment of money shall be authorised by resolution of the Council or any of its Committees (within the amounts agreed in the budget) having fully delegated power under Section 101 of the LGA 1972.

- 5.2 A schedule of payments of money shall be prepared by the RFO as part of the extract of accounts (paragraph 4.6) and with the relevant invoices being available, be presented to the Parish Council each month. If the schedule is in order it shall be authorised by a resolution of the Parish Council.
- 5.3 Cheques and telepay payments drawn on the current bank account in accordance with the schedule referred to in paragraph 5.2, shall be signed by the RFO (in his/her absence the Assistant Clerk) and two members of the Parish Council. The list of signatories is to be reviewed by the RFO annually with any changes to be passed to the bank as appropriate.

6. PAYMENT OF ACCOUNTS

- 6.1 Apart from petty cash payments, all payments shall be effected by cheque, Standing Order, Direct Debit, or Telepay drawn on the Parish Council's bankers.
- 6.2 All orders for payment and invoices shall be examined, verified, and certified by the RFO. Before certifying any order or invoice the RFO shall satisfy himself that the work, goods or services to which the order or invoice relates have been received, carried out, examined and approved.
- 6.3 The RFO who shall examine orders for payment and invoices in relation to arithmetical accuracy and authorisation and shall code them to the appropriate expenditure heading. He shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.4 All payments for duly certified orders and invoices will be entered on the schedule of payments referred to at paragraph 5.2.
- 6.5 The RFO may provide petty cash to the Liphook Millennium Hall (LMH) and the Parish Office staff for the purpose of defraying operational and other expenses. Receipts for payments made shall be forwarded to the RFO for reimbursement of funds. Payments to maintain the petty cash float shall be shown separately on the schedule of the payment of money presented to the Parish Council (under 5.2 above).

7. PAYMENT OF SALARIES AND WAGES

- 7.1 The payment of all salaries and wages to contracted employees shall be made by the RFO, using the telepay system. This is to be initiated by the Assistant Clerk, in accordance with the payroll records and wages spreadsheets. These payments are to be included on the schedule of payments and presented to the Parish Council in the normal way.
- 7.2 The payment of wages to casual employees is to be made by cheque drawn on the Council's bankers. Should such employees not have a bank account then payment may be made in cash, the money having been drawn from the Council's bankers, by the Clerk. Any volunteers at the LMH will normally be paid by cheque unless cash is specifically requested, in which case money will be drawn in cash against a cheque prepared by the Clerk.

- 7.3 All time sheets used to calculate salaries and wages shall be certified as to accuracy by or on behalf of the Clerk.

8. LOANS AND INVESTMENT

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the Parish Council, and shall be for a set period of time in accordance with Parish Council policy, normally 12 months. Changes to loans and investments should be reported to the F&P Committee at the earliest opportunity. Money invested in Treasury Deals on behalf of the Council are to be re-invested as soon as possible after the end of the financial year.
- 8.2 All investments of money under the control of the Parish Council shall be in the name of the Parish Council or as set out in any appropriate legal document.
- 8.3 All borrowings shall be effected in the name of the Parish Council.
- 8.4 All investment certificates and other documents relating thereto shall be in the custody of the RFO.

9. INCOME

- 9.1 The collection of all sums due to the Parish Council shall be the responsibility of and under the supervision of the 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 to the Parish Council.
- 9.3 The Parish Council, through its committees will review all fees and charges annually, prior to the budget and precept being set (LMH, Village Green, Allotments). A charge will be raised for the regular use of the small meeting room in the Haskell Centre subject to a hire agreement being drawn up by the RFO and approved by the F&P Committee. The review of rent, charges, or payments set out in any lease, licence, or hire agreement will be as set out in the relevant document.
- 9.4. Any bad debts shall be reported to the appropriate committee and the F&P Committee. The RFO, as a standard procedure, will write to the debtor seeking repayment within 30 days. Should an invoice not have been paid within the period stated on the invoice (normally 30 days). Should the money remain outstanding, then the debtor is to be informed, in writing, that action will be taken to recover the money through the courts.
- 9.5 All sums received on behalf of the Parish Council shall be banked by the officer collecting money (usually the Assistant Clerk) as directed by the RFO. Where possible, all receipts shall be deposited with the Parish Council's bankers within 3 days. A reference to related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 9.6 Every transfer of official money either cheque or cash from one member of the Parish

Council to another member or between staff shall be signed for by the person receiving the money. The following specific transfer procedures are to be followed:

9.6.1 Transfer - Liphook Millennium Hall (LMH) Income. Cash received by either staff or volunteers is to be recorded in a receipt book and placed in the safe. The LMH Staff will then record the receipt in the LMH Cashbook, sign the LMH Cashbook, and keep cash/cheques in the safe until delivered to or collected by the Parish Office staff. On transfer of Cash/Cheques to the Parish Office/Staff then the LMH Cashbook is to be signed against the appropriate record by the Clerk or Assistant Clerk for Cash/Cheques received at the LMH or those delivered to the Parish Office.

9.6.2 Transfer – Film/Theatre Income. Any cash or cheques held for tickets in the Parish Office are to be held in the Parish Office. No cash or cheques are to be transferred to the LMH. Any cash or cheques received by either staff or volunteers at the LMH is to be placed in the safe together with ticket stubs. The Parish Office staff will then collect the cash, cheques, and ticket stubs from the LMH and then reconcile all money received against ticket stubs.

9.7 Personal cheques shall not be cashed out of money held on behalf of the Parish Council.

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.

10.2 Order books/files shall be controlled by the RFO.

10.3 All officers are responsible for obtaining best 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.

11. CONTRACTS/TENDERS

11.1 Every contract whether made by the Parish Council or by a committee to which the power of making contracts has been delegated shall comply with these regulations and no exception from any of the following provisions of these regulations shall be made otherwise than by direction of the Parish Council or in an emergency by such committee as aforesaid provided that these regulations shall not apply to contracts which relate to items:

11.1.1 The supply of gas, electricity, water, sewage, telephone services, and rates

11.1.2 Specialist services such as are provided by solicitors, accountants, surveyors, and planning consultants.

11.1.3 Work to be executed or goods or materials to be supplied which

consists of repairs to or parts for existing machinery or equipment or plant.

11.1.4 Work to be executed or goods or materials to be supplied which constitutes an extension of an existing contract by the council.

11.1.5 Goods or materials proposed to be purchased which are propriety articles and/or which are sold only at a fixed price.

11.2 Where it is intended to enter into a contract:

11.2.1 Exceeding £25,000 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 at regulation 11.1, The Clerk shall invite tenders from at least three firms. Such firms where available are to be taken from the Parish Council suppliers list, subject to the approval of the committee or Parish Council.

11.2.2 Exceeding £1,500 but less than £25,000 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 at regulation 11.1, then three estimates are to be obtained by the Clerk and presented to the appropriate Committee or to the Parish Council for a decision.

11.2.3 For expenditure up to £1,500 in value the Chairman of the spending Committee or his/her appointed Vice-Chairman together with the Clerk or the duly authorised deputy shall have executive power. Estimates may be sought by the Clerk as directed by members, and the matter referred to the appropriate Committee or Parish Council if so desired

11.3 When applications are made to waive regulations relating to contracts to enable a tender to be negotiated without competition, the reason shall be embodied in a recommendation to the Parish Council.

11.4 Every exception made by a committee to which the power of making contracts has been delegated, shall be reported to the Parish Council and the report shall specify the emergency by which the exception shall have been justified.

11.5 An invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare the 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 specially marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.

- 11.6 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 the council, usually the Chairman of the spending committee
- 11.7 If less than three tenders or estimates are received for contracts or if all the tenders or estimates are identical the Parish Council or a committee may make such arrangements as it think fits for procuring the goods or materials or executing the works.
- 11.8 Any invitation to tender issued under these regulations shall contain a statement of the effect of other appropriate Standing Orders (ie canvassing, soliciting for work – SO 18 and 19).
- 11.9 The Parish Council or a committee shall not be obliged to accept the lowest or any tender.

12. PAYMENTS UNDER CONTRACTS FOR BUILDINGS 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 contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be made to the appropriate committee.
- 12.3 Any variation to a contract, or addition, or omission from a contract must be approved by the Clerk in writing. The appropriate committee is to be informed where the final cost is likely to exceed the financial provision.

13. STORES, EQUIPMENT, AND VEHICLES

- 13.1 The RFO is to maintain an asset register for all stores, equipment and vehicles which is to be reviewed by the F & P Committee annually.
- 13.2 The person nominated to be in charge of functional area or section shall be responsible for the care and custody of stores and equipment in that functional area or section and for regular checks of stores and supplies and for their accounting.
- 13.3 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.
- 13.4 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.5 Nominated personnel are to be responsible for weekly, monthly checks as set out in job specifications. The RFO shall be responsible for annual checks 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 Parish Council. The RFO shall ensure a record is maintained of all properties owned by the Parish Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and the purpose for which held in accordance with the regulations (See 4.1).
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Parish Council, save where the estimated value of any one item does not exceed £500.

15. INSURANCE

- 15.1 The RFO shall effect all insurances and negotiate all claims on the Parish Council's insurers in consultation with the Assistant Clerk (Clerk if appointed separately).
- 15.2 The Assistant Clerk (Clerk if appointed separately from the RFO) shall give prompt notification to the RFO of all new risks, properties or vehicles, which require to be insured and any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances effected by the Parish Council and the property and risks covered thereby and annually review it. The F&P Committee will review the insurance schedule annually.
- 15.4 The RFO shall be notified of any loss liability or damage or any event likely to lead to a claim.
- 15.5 All appropriate employees and members of the Parish Council shall be included in a suitable fidelity guarantee insurance.

16. REVISION OF FINANCIAL REGULATIONS

- 16.1 It shall be the duty of the F&P Committee to review the financial regulations of the Parish Council from time to time, and make recommendations to the Parish Council as the committee considers appropriate.