

# **SONNING COMMON PARISH COUNCIL**

## **FINANCIAL REGULATIONS**

These Financial Regulations were adopted by the Council at the Meeting of the Parish Council held on 22 April 2013

### **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. The Council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of financial control, which facilitates the effective exercise of the council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the Council meets these responsibilities.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council. The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly. 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 practices.
- 1.3 Sonning Common Parish Council has formally delegated executive powers regarding its financial management to its Finance Committee whose remit is shown in Section 2, below.
- 1.4 The RFO shall provide financial management information through the Finance Committee 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 section 27 of the Audit Commission Act 1998 and then in force.
- 1.7 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability in local Councils in England and Wales - a Practitioners' Guide which is published jointly by NALC and SLCC and updated from time to time.

### **2 FINANCE COMMITTEE TERMS OF REFERENCE**

- 2.1 The Finance Committee has delegated executive powers to :
  - 2.1.1 Determine and monitor account balances
  - 2.1.2 Monitor and agree monthly expenditure
  - 2.1.3 Sign cheques or approve online payments on agreed accounts or, in special circumstances, sign cheques or approve online payments out of meetings to be agreed retrospectively at the next Finance Committee meeting. Cheques must be signed and online payments approved by two members of the Finance Committee who have been nominated to do so by the Committee and whose details have been lodged with the bank. All signatories should also sign the chequebook stub or its electronic equivalent. All payments must also be countersigned/approved online by the RFO.
  - 2.1.4 Consider grant or donation requests of up to £250 maximum amount per application in accordance with any Grants Policy approved by the Council. Larger amounts will be referred to the full Council with recommendations.
  - 2.1.5 Review current financial regulations and policies from time to time (Financial Regulations 20.1)

- 2.1.6 Sanction an annual review of the effectiveness of the system of internal financial control by commission of an auditor, in accordance with current legislation and prior to the approval of the Annual Return. Review conclusions to be reported to the Council(Para 1.4 Financial Regulations refers)
- 2.1.7 Approve estimates for works and other significant expenditures.
- 2.1.8 Establish a budget to be considered by the full Council and consider expenditure recommendations from Councillors and other Committees.
- 2.1.9 Monitor receipts throughout the year.
- 2.2 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 Committee. If the schedule is in order it shall be authorised by a resolution of the Committee and shall be initialled by the Chairman of the Meeting. The detail shall also be shown in the Minutes of the Meeting.
- 2.3 To indicate agreement of the details shown on the cheque or online order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil or its electronic equivalent. The RFO must also be an authorised signatory and must also sign all cheques or online orders for payment and cheque counterfoils or their electronic equivalents.
- 2.4 The Finance Committee shall inform the Council of its decisions/recommendations through the circulation of Committee minutes and will provide the Council with further information or explanations if requested at a General Meeting.
- 2.5 The number of Councillors on this Committee shall be as determined by the Council. The quorum shall be at least three members.
- 2.6 The Committee shall meet once a month as indicated in the Council calendar.
- 2.7 The Finance Committee must allow other members of the Council and members of the public to be present at meetings.

### **3 ANNUAL ESTIMATES (BUDGET)**

- 3.1 Each Committee and Sub-Committee shall formulate and submit proposals to the Finance Committee in respect of revenue and capital expenditure, new bids and any proposed use of reserves and sources of funding for the following financial year not later than the end of October each year.
- 3.2 The Finance Committee will in turn recommend to Council a revised budget for the remainder of the current financial year and a net budget, and recommended Council Tax Precept for the following financial year.
- 3.3 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 Finance Committee and subsequently the Council.
- 3.4 The Council shall review the budget not later than the end of December each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 3.5 The annual budget shall form the basis of financial control for the ensuing year.
- 3.6 The Council shall consider the need for and shall have regard to a three-year forecast of Revenue and Capital Receipts and Payments, which may be prepared at the same time as the annual Budget.

### **4 BUDGETARY CONTROL**

- 4.1 Expenditure on revenue items may be authorised by the RFO and incurred up to the amounts included for that class of expenditure in the approved budget.

- 4.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure unless the Council has approved the virement of funds to cover any overspending. During the budget year and with the approval of Council, having considered fully the implications for services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- 4.3 The RFO shall provide the Finance Committee with a monthly statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget.
- 4.4 The formal record of monthly expenditure presented to the Finance Committee for approval and payment shall indicate clearly the source of the authorisation of each item.
- 4.5 The RFO may incur expenditure on behalf of the Council, which is necessary to carry out any repair, replacement, or other work, which is of such urgency that it must be done at once, whether or not there is any budgetary provision for the expenditure, subject to a limit of £750.00. The Clerk shall report the action to the Finance Committee as soon as practicable thereafter.
- 4.6 The RFO may authorise and incur expenditure, within budgetary provision, on behalf of the Council, subject to a limit of £750.00 per item. The RFO shall report this expenditure to the Council in the normal way.
- 4.7 The RFO will inform the Finance Committee at the next opportunity of the Utility expenditures on receipt of Bank statement showing the Direct Debit payments.
- 4.8 Unspent provisions in the revenue budget shall not be carried forward to subsequent years unless placed in an earmarked reserve by resolution of the Council. Ring Fenced budgets are deemed to be such reserves and will automatically receive unspent provisions, providing those budgets have been previously approved for extension into the following year(s).
- 4.9 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.
- 4.10 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

## **5 ACCOUNTING AND AUDIT**

- 5.1 All accounting procedures and financial records of the Council shall be determined by the RFO in accordance with the Accounts and Audit Regulations.
- 5.2 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 and report thereon to the Council through the Finance Committee.
- 5.3 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.
- 5.4 The RFO shall ensure that there is 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 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.

- 5.5 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 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 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.
- 5.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.
- 5.7 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.

## **6 BANKING ARRANGEMENTS AND CHEQUES**

- 6.1 The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Finance Committee and the full Council. The Bank Mandate shall require that all cheques and online payment instructions be signed or authorised by the RFO who must be an authorised signatory and by two Councillors who are also authorised signatories. The arrangements shall be reviewed every five years for efficiency.

## **7 PAYMENT OF ACCOUNTS**

- 7.1 All payments shall be effected by cheque or online payment drawn on the Council's bankers.
- 7.2 All invoices for payment shall be examined, verified and certified by the RFO. The RFO shall satisfy him/herself that the work, goods, or services to which the invoice relates shall have been received, carried out, examined and approved.
- 7.3 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 Finance Committee Meeting. As a matter of Council policy all efforts should be made to ensure invoices are settled within 28 days of date of invoice.
- 7.4 If a payment is necessary to avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Finance Committee Meeting, where the RFO certifies that there is no dispute or other reason to delay payment, the RFO may (notwithstanding para 2.2) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of the Finance Committee. The Council's committee chairmen, in authorising the payment they must satisfy themselves as to the nature of the expenditure and that a budget exists to finance it. Expenditure incurred by this means must be reported to the Finance Committee.
- 7.5 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:
- 7.6 The RFO shall maintain a petty cash float of £50.00 for the purpose of defraying of operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
- 7.7 Income received must not be paid into the petty cash float but must be separately banked as provided elsewhere in these regulations.
- 7.8 Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under para 4.4 above.

## **8 PAYMENT OF SALARIES**

- 8.1 As an employer, the Council shall make arrangements to meet fully the statutory

requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council.

- 8.2 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 stipulated in employment contracts, provided that each payment is approved by the Finance Committee and ratified by the next available Council Meeting.

## **9 LOANS AND INVESTMENTS**

- 9.1 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.
- 9.2 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.
- 9.3 All investments of money under the control of the Council shall be in the name of the Council.
- 9.4 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. The terms and conditions of borrowings shall be reviewed at least annually.
- 9.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## **10 INCOME**

- 10.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 10.2 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.
- 10.3 The Council will review all fees and charges annually, following a report of the RFO.
- 10.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 10.5 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.
- 10.6 The origin of each receipt shall be entered on the paying-in slip.
- 10.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 10.8 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 years end.
- 10.9 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.

## **11 ORDERS FOR WORK, GOODS AND SERVICES**

- 11.1 Where appropriate 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.
- 11.2 Order books shall be controlled by the RFO.
- 11.3 All members and Officers are responsible for obtaining value for money at all times. An

officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction. Where the expected cost is to exceed £2,000 three or more quotations or estimates must be obtained from appropriate suppliers unless the Chairman of the Council/Chairman of the Finance Committee and the RFO agree that it is impractical to do so.

- 11.4 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.

## **12 CONTRACTS**

- 12.1 Procedures as to contracts are laid down as follows:
- 12.2 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 12.2.1 to 12.2.6 below:
- 12.2.1 for the supply of gas, electricity, water, sewerage and telephone services;
  - 12.2.2 for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
  - 12.2.3 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;
  - 12.2.4 for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
  - 12.2.5 for additional audit work of the external Auditor up to an estimated value of £250.00 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chairman of the Finance Committee);
  - 12.2.6 for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- 12.3 Where it is intended to enter into a contract exceeding £2,000 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 12.1 the RFO shall invite tenders from at least three firms to be taken from the appropriate approved list (drawn up by the RFO and approved by the Finance Committee and based, where possible, on the list maintained by the District Council for such works), unless the Chairman of the Council/Chairman of the Finance Committee and the RFO agree that it is impractical to do so.
- 12.4 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.
- 12.5 Such invitation to tender shall state the general nature of the intended contract and the RFO 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 RFO 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.
- 12.6 The Clerk shall in the presence of at least one member of Council, open all sealed tenders at the same time on the prescribed date.
- 12.7 If less than three tenders are received for contracts above £2,000 (see 12.3 above), 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.
- 12.8 When it is to enter into a contract less than £2,000 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 12.1 the RFO shall ensure that good value for money is obtained by where possible seeking

alternative quotations/estimates (priced descriptions of the proposed supply).  
Otherwise, Regulation 11.3 above shall apply.

12.9 The Council shall not be obliged to accept the lowest of any tender, quote, or estimate.

### **13 PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS**

13.1 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).

13.2 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.

13.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and RFO to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

### **14 STORES AND EQUIPMENT**

14.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.

14.2 Delivery Notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.

14.3 Stocks shall be kept at the minimum levels consistent with operational requirements.

14.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

### **15 ASSETS, PROPERTIES AND ESTATES**

15.1 The RFO 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 Accounts and Audit Regulations.

15.2 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.

15.3 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.

### **16 INSURANCE**

16.1 Following the annual risk assessment (per Financial Regulation 18), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

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

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

16.4 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.

16.5 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.

**17 CHARITIES**

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

**18 RISK MANAGEMENT**

18.1 The Council is responsible for putting in place arrangements for the management of risk. The RFO 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.

18.2 When considering any new activity, the RFO, shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

**19 REVISION OF FINANCIAL REGULATIONS**

19.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.

Minute 14/O11

Proposed by: Mr J Stoves

Seconded by: Mrs Phillips-Tilbury

Approved by: Unanimously

Chairman..... Dated.....

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