

HAZELBURY BRYAN PARISH COUNCIL FINANCIAL REGULATIONS

These Financial Regulations are presented for adoption by the Hazelbury Bryan Parish Council at its Meeting to be held on Tuesday 6th May 2008.

1 BACKGROUND

- 1.1 These financial regulations govern the conduct of financial management by the Hazelbury Bryan Parish Council and may only be amended or varied by resolution of the Council.
- 1.2 Hazelbury Bryan Parish 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 that 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.
- 1.3 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.
- 1.4 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 published jointly by NALC and SLCC and updated from time to time.
- 1.5 These financial regulations are designed to demonstrate how the Council meets these responsibilities.

2 GENERAL

- 2.1 The Responsible Financial Officer (RFO) is a statutory office and shall be duly appointed by the Council.
- 2.2 The Parish Clerk, under the policy direction of the Council, shall be responsible for the proper administration of the Council affairs and is also appointed as the RFO for the Council and these regulations shall apply accordingly.
- 2.3 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.
- 2.4 The RFO shall be responsible for the production of financial management information, ensuring 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.
- 2.5 The RFO shall produce financial management information as required by the Council. At least once a year, prior to approving the Annual Return, a sub-committee appointed by resolution of the Council shall conduct a review of the effectiveness of its system of internal control that shall be in accordance with proper practices.

3 ANNUAL ESTIMATES (BUDGET)

- 3.1 Each constituted Committee shall formulate and submit proposals to the Council in respect of revenue and capital including the use of reserves and

sources of funding for the following financial year not later than the meeting of the Council in November each year.

- 3.2 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be collated and prepared each year by the RFO in the form of a budget to be considered by the Council.
- 3.3 The Council shall agree the budget and shall fix the Precept to be levied for the ensuing financial year not later than the conclusion of the first meeting of the Council in each new calendar year. The RFO shall issue the precept to the billing authority (North Dorset District Council) and shall supply each member with a copy of the approved budget.
- 3.4 The annual budgets shall form the basis of financial control for the ensuing year.
- 3.5 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 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 a virement is approved by the Council. During the budget year and with the approval of Council based on a recommendation by the RFO having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve, as appropriate.
- 4.3 The RFO shall regularly provide the Council with a statement of receipts and payments to date, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter.
- 4.4 The Chairman may authorise the Clerk to incur expenditure on behalf of the Council that is necessary to carry out any repair, replacement or other work that 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. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 4.5 Any expenditure over £500 is to be agreed by full council at the next available meeting.
- 4.6 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the Council.
- 4.7 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.
- 4.8 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 1.3, above.
- 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 to the sub-committee appointed by resolution of the Council (if any) and report thereon to the Council at the May meeting.
- 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 by the Finance Committee 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.
- 5.5 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.
- 5.6 The Internal Auditor, who shall be competent and independent of the operations of the Council, shall be appointed by the Council to carry out the work required by the Council in accordance with proper practices.
- 5.7 The Internal Auditor 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.
- 5.8 The inspection of the accounts, books, and vouchers and the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations shall be the responsibility of the RFO.
- 5.9 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 Council. They shall be regularly reviewed for efficiency.
- 6.2 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 the Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman of the Meeting. If more appropriate the detail may be shown in the Minutes of the Meeting.

- 6.3 Cheques drawn on any Council bank account in accordance with the schedule referred to in paragraph 6.2 or in accordance with paragraph 7.4 shall be signed by two members of the Council (one often being the Chairman).
- 6.4 To indicate agreement of the details shown on the cheque or order for payment, and with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil and the supporting documentation.

7 PAYMENT OF ACCOUNTS

- 7.1 All payments shall be effected by cheque or other order 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, analyse them to the appropriate expenditure heading, and take all steps to settle all invoices submitted which are in order, at the next available Council Meeting.
- 7.4 If a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998, and the due date for payment is before the next scheduled Meeting of Council, where the RFO certifies that there is no dispute or other reason to delay payment, the RFO may, notwithstanding 6.3 above, 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 Council.
- 7.5 The RFO shall maintain as petty cash float not exceeding £50 for the purpose of defraying operational and other expenses.
- 7.5.1 Vouchers for payments made from petty cash shall be kept to substantiate the payment.
- 7.5.2 Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
- 7.5.3 Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to the Council under 6.2 above.
- 7.6 If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that two authorising members sign the instructions 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.

8 PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 8.1 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).
- 8.2 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.

9 PAYMENT OF SALARIES

- 9.1 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 recommended by the local Association of Parish and Town Councils, or other recognised body and agreed by resolution of the Council.
- 9.2 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 reported to and ratified by the next available Council Meeting.

10 LOANS AND INVESTMENTS

- 10.1 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.
- 10.2 All investments of money under the control of the Council shall be in the name of the Council.
- 10.3 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.
- 10.4 Prior resolution by the Council must be sought, at an appropriate meeting of the Council, to establish the principle of any form of borrowing.
- 10.5 All borrowings shall be realized in the name of the Council, after obtaining any necessary borrowing approval. The terms and purpose of any application for borrowing shall be subject to approval by the Council by resolution. The terms and conditions of borrowings shall be reviewed at least annually.
- 10.6 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

11 INCOME

- 11.1 The collection of all sums due directly to the Council shall be the responsibility of, and under the supervision of, the RFO.
- 11.2 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 responsible for the collection of all accounts due to the Council.
- 11.3 The Council will review and agree all fees and charges annually, following a report of the Clerk.
- 11.4 Any sums found to be irrecoverable and any bad debts shall be formally reported to the Council with any write off recommendation.
- 11.5 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.
- 11.6 The origin of each receipt shall be entered on the paying-in slip.

- 11.7 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.
- 11.8 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.
- 11.9 Personal cheques shall not be cashed out of money held on behalf of the Council.

12 ORDERS FOR WORK, GOODS AND SERVICES

- 12.1 The Council and any appointed representative of the Council is responsible for obtaining value for money at all times.
- 12.2 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. Any such Orders shall be controlled by the RFO and copies of orders shall be retained.
- 12.3 The RFO issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in the Council Contract Standing Orders.
- 12.4 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.
- 12.5 Procedures as to contracts are laid down in Contract Standing Orders are appended to these regulations

13 STORES AND EQUIPMENT

- 13.1 The RFO shall be responsible for the care and custody of stores and equipment.
- 13.2 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.
- 13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 13.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

14 ASSETS, PROPERTIES AND ESTATES

- 14.1 The RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council.
- 14.2 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.

- 14.3 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.
- 14.4 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.

15 INSURANCE

- 15.1 Following the annual risk assessment (per Financial Regulation 17), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The RFO shall review 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 procured 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, and shall report these to the Chairman within 48 hours and to the Council at the next available Meeting.
- 15.5 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.

16 CHARITIES

- 16.1 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.
- 16.2 The RFO shall arrange for any Audit or independent examination as may be required by Charity Law or any Governing Document.

17 RISK MANAGEMENT

- 17.1 The Council is responsible for putting in place arrangements for the management of risk.
- 17.2 A sub-committee appointed by resolution of the Council shall prepare risk management policy statements in respect of all activities of the Council for approval and adoption by the Council. Each constituted Committee shall prepare risk management policy statements for any Council activities under their control for approval by the aforementioned sub-committee.
- 17.3 The Council shall review risk policy statements and consequential risk management arrangements at least annually.
- 17.4 When considering any new activity, RFO shall prepare a draft risk assessment including risk management proposals for approval by the appropriate sub-committee (if any) and adoption by the Council.

18 REVISION OF FINANCIAL REGULATIONS

- 18.1 It shall be the duty of the Council or a sub-committee appointed by resolution of the Council to review the Financial Regulations of the Council from time to time and by the Council at least once every four years. 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.

HAZELBURY BRYAN PARISH COUNCIL
APPENDIX TO FINANCIAL REGULATIONS -
CONTRACT STANDING ORDERS

These Contract Standing Orders are to be read in conjunction with Council Financial Regulations, to which they are appended in accordance with Regulation 12.

COMPLIANCE

- (i) Every contract shall comply with Council Financial Regulations to which these Contract Standing Orders are appended in accordance with Regulation 11. and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (a) to (f) below:
- a. For the supply of gas, electricity, water, sewerage and telephone services;
 - b. For specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - c. 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 subject to an existing service level agreement or contract by the Council;
 - d. For work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
 - e. For additional audit work of the 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);
 - f. For goods or materials proposed to be purchased which are proprietary articles and are only sold at a fixed price.

TENDER

- (ii) Where it is intended to enter into a contract exceeding £10,000 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 (i) the Council, shall invite tenders;
- a. All respondents to an expression of interest published in an approved regional publication (The Western Gazette and/or The Dorset Echo).
 - b. All respondents to an expression of interest published in an approved local publication (The Blackmore Vale) and at least three firms taken from the appropriate approved list.
 - c. From at least six firms taken from an appropriate approved list.
- (iii) Any invitation to tender shall state:
- a. The general nature of the intended contract and the RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases.
 - b. That tenders must be addressed to the Clerk and the last date they are to be received in the ordinary course of post.

- c. A statement of the effect of Financial Regulation 12.1 and Contract Standing Order (x).
- d. Any late, incomplete or incorrect tender shall be invalid.
- (iv) 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.
- (v) The Clerk, in the presence of at least two members of Council, shall open all sealed tenders at the same time on the prescribed date. Those present shall initial each tender and the tender price duly annotated.
- (vi) If less than three valid tenders are received for contracts above the £10,000 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.

QUOTATION

- (vii) Where it is intended to enter into a contract less than £10,000 in value, but estimated to be more than £1,500 in value for the supply of goods or materials or for the execution of works or specialist services the Clerk shall obtain 3 written quotations (priced descriptions of the proposed supply); other than such goods, materials, works or specialist services as are excepted as set out in paragraph (i).
- (viii) where the value is below £1,500 and above £500 the Council shall strive to obtain 3 estimates. Where the value is less than £500 it is not necessary to obtain three quotes but it is considered best practice to do so.

MODIFICATION

- (ix) 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.
- (x) The Council shall not be obliged to accept the lowest of any tender, quote or estimate.
- (xi) 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.