

STAPLEHURST PARISH COUNCIL

FINANCIAL REGULATIONS

**Adopted on
21st January 2008**
(Updated May 2009)



**QUALITY
PARISH
COUNCIL**

**Staplehurst Parish Council
Parish Office
Village Centre
High Street
Staplehurst
Tonbridge, Kent
TN12 0BJ**

FINANCIAL REGULATIONS

1. GENERAL

- 1.1 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.
- 1.2 The Responsible Financial Officer (RFO), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.
- 1.4 The RFO shall apply appropriate internal controls to ensure all transactions of a financial nature are safeguarded. The internal controls in place are set out in Appendix A to these Financial Regulations. These internal controls will be subject to a half yearly review by the Internal Auditor – see paragraph 4.6 below.

2. ANNUAL ESTIMATES

- 2.1 The Finance Committee shall formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of December each year.
- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO.
- 2.3 The Council shall review the estimates not later than the end of January each year and shall fix 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 annual budgets shall form the basis of financial control for the ensuing year.

3. BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred which will exceed the amount provided in the revenue budget, unless agreed by Full Council resolution.

- 3.3 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.
- 3.4 The Clerk 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 £200. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year, except for major or specific projects agreed by Full Council.
- 3.6 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.
- 3.7 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations 1996 as amended.
- 4.2 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.
- 4.3 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) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 1996 as amended, or set by the Auditor.
- 4.4 The RFO shall be responsible for ensuring that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 1996 as amended. 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.

- 4.5 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. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.6 The Internal Auditor will review on a half yearly basis the internal controls currently in place to ensure compliance with the procedures set out in Appendix A to these Financial Regulations.
- 4.7 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1996 as amended.
- 4.8 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.

5. BANKING ARRANGEMENTS AND CHEQUES

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 A schedule of the payments required shall be prepared by the RFO and, together with the relevant invoices, be presented to 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.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4 shall be signed by two members of Council.
- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

6. PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by cheque or other order drawn on the Council's bankers.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or

services to which the invoice relates shall have been received, carried out, examined and approved.

- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.4 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 Clerk and RFO certify that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
- 6.5 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.
- a) The RFO shall maintain a petty cash float of £50 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
- b) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under 5.2 above.

7. PAYMENT OF SALARIES

- 7.1 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.
- 7.2 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, provided that each payment is reported to and ratified by the next available Council Meeting.

8. LOANS AND INVESTMENTS

- 8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.2 The Council's Investment Policy, shall be in accordance with the Trustee Act 2000, and shall be reviewed on a regular basis (at least annually).
- 8.3 All investments of money under the control of the Council shall be in the name of the Council.

- 8.4 All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose.
- 8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

9. INCOME

- 9.1 The collection of all sums due to the 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 agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
- 9.3 The Council will review all fees and charges annually, following a report of the Clerk.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5 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.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 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 year end.
- 9.9 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.

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. Copies of orders shall be retained.

- 10.2 Order books shall be controlled by the RFO.
- 10.3 All members and Officers are responsible for obtaining 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, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11(g) below.
- 10.4 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.

11. CONTRACTS

- 11.1 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 external Auditor up to an estimated value of £250 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of 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 [£50,000] 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 (a) the Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.

- (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.
- (e) If less than three tenders are received for contracts above £50,000 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.
- (f) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 61, 63 and 64.
- (g) When it is to enter into a contract less than £50,000 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 (a) the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); this will not apply if the value of the contract is below £1,000. See Regulation 10 (3).
- (h) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

12. PAYMENTS UNDER CONTRACTS FOR BUILDING 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 (subject to any percentage withholding as may be agreed in the particular contract).
- 12.2 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.
- 12.3 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.

13. PROPERTIES AND ESTATES

- 13.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of 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.
- 13.2 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.

14. INSURANCE

- 14.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers in consultation with the Clerk.
- 14.2 The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 14.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 14.4 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.
- 14.5 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.

15. CHARITIES

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

16. RISK MANAGEMENT

16.1 The Clerk with the RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.

16.2 When considering any new activity the Clerk and RFO 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.

17. REVISION OF FINANCIAL REGULATIONS

17.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time.

These Financial Regulations were adopted by the Council at its Meeting held on 21st January 2008

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Chairman of Staplehurst Parish Council

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Date

APPENDIX A

STAPLEHURST PARISH COUNCIL INTERNAL FINANCIAL CONTROL SYSTEM REVIEWED NOVEMBER 2007

Description	Controls and working practices employed
Petty Cash	Daily - cash over £50 banked on receipt. Petty Cash checked and evidenced weekly. Overnight - cash box locked within locked cabinet in locked office. Keys held offsite overnight. Daytime – office door and windows are locked if office left unattended. Limit £50. Petty Cash report is circulated monthly to Full Council as part of other financial reports and signed copy is retained with accounts documentation.
Cash Handling	All cash transactions are entered immediately into Petty Cash Book with receipts retained (consecutively numbered) for expenditure/purchases. Receipts for income/sales are provided only if requested by the purchaser. A Stock Account of Green Sacks is to be maintained and checked on a quarterly basis.
Expenses	In accordance with policy adopted by the Parish Council on 14 th January 2004 and amended on 22 nd January 2007 only travel expenses (at the NALC agreed rate or taxi fares with receipt) are paid. A Travel Expenses claim form – see copy attached – is to be completed and countersigned by the Chairman or Vice Chairman in each case, prior to reimbursement. The Chairman's allowance is to be used at the discretion of the Chairman. It was implicit that if a Councillor incurred any baby-sitting costs to enable him/her to attend council meetings then such expense would be reimbursed from the Chairman's Allowance. A signed receipt for the sum to be reimbursed would be expected.
Treatment of VAT	A quarterly VAT report print out from the computerised accounts is checked against invoices whilst the return is prepared by hand. The VAT return is posted to HM Customs and Excise and the funds are received by BACS direct into the Parish Council's account. The VAT ledger sums are reported to Full Council on a monthly basis.

Treatment of Grants	It is unusual to receive grants in advance of completion and payment of the project that it was granted for. However, should this occur the Parish Council has a separate deposit account in which grants can be retained separately from general Council funds. If a grant-funded project has been paid for in advance, the grant itself when received is banked with general Council funds. In both cases the funding receipt is attributed to the relevant project budget head.
Cheques, Direct Debits, Standing Orders, BACS and CHAPS payments.	No pre-signed cheques are ever held. Two Councillor signatories required to each cheque & stub and to DD, SO, BACS or CHAPS instructions to Bank. Councillors signing cheques on behalf of the Parish Council shall initial the invoice/demand supporting each cheque. Cheque numbers, DD, SO, BACS or CHAPS payments and any receipts are specified on the monthly reports to Councillors. Such reports are read out in public at Full Council meetings and signed by two Councillors after formal agreement by the Council. The total amount of the receipts and payments reported shall be added to the Minutes each month. Quarterly Internal Audit is conducted by the independent auditor of Iden Business Services Limited in accordance with the Letter of Engagement dated 31 st October 2003.
Salaries and PAYE	Salary scales agreed annually by Full Council in accordance with National Association of Local Councils and calculated pro-rata to agreed hours worked per 37 hour week (currently 37 for Clerk and 20 for Assistant Clerk). Deductions for Tax, NI, Pension and AVCs (if applicable) are accounted for in a separate ledger together with employer's contributions added. Quarterly payment made to Inland Revenue for Tax and NI are made in June, September, December and March. Monthly cheque payments are sent to KCC Pensions and Prudential for AVCs. Timesheets recording hours worked and annual leave are completed by Clerk and Assistant Clerk and monitored by the Finance Committee.
Invoicing process	Once the Council has agreed that a project should proceed, a purchase order is issued and a copy put on the accounts file. When the job has been completed and the invoice for payment received, this is first checked by the Parish Clerk who initials it in the bottom right hand corner if everything is satisfactory. The invoice is then passed to the RFO for payment (usually by cheque accompanied by copy invoice if no payment slip). The

	original invoice is retained on the accounts file in date/cheque order. If an invoice is received that the Clerk cannot authorise for payment (e.g., in cases of incomplete/unsatisfactory work) then this is referred back to the issuing company for discussion. Should any dispute arise this would be referred to the Chairman or Finance Committee for consideration and an agreed appropriate course of action followed.
Accounts	Clerk or Assistant Clerk to maintain daily back-ups to flash drives and retained offsite. Paper copies printed monthly and retained for inspection and annotation by the auditor. On request access to the accounts is given to Councillors or members of the public in accordance with current legislation.
Budgetary Controls	Monthly summations to Councillors provide details of agreed budget, expenditure to date and anticipated expenditure. Each Councillor holds a copy of the agreed Financial Regulations and decisions on project expenditure are made formally in Full Council and Minuted. The Parish Clerk provides a full financial report prior to any decision on project expenditure being taken, having checked first that such would or would not fall within budget. There is no compulsion on the Council to keep expenditure strictly within budget but every endeavour is made to ensure this is generally the case. There is an informal acceptance that expenditure on utilities, general running costs of the Parish Office or small items of maintenance (less than £250) are incurred without prior reference to Full Council. However such are monitored and kept under review on a monthly basis.
Bank Reconciliation	Monthly reconciliation between bank statements and the accounts are carried out by the RFO to ensure accuracy. The RFO signs and dates the statements to confirm this. A copy of the latest bank reconciliation shall be presented to Parish Councillors at each full meeting of the Parish Council.
Annual Statements of Account	Copies held by local Library as well as at Parish Office and on the Website at; www.staplehurstvillage.org.uk Paper copies are retained for 7 years. A summary of the Statement of Accounts is published in the Parish Council Annual Report and distributed parish-wide.
Risk management	A Risk Assessment is carried out annually at the end of each financial year by the Parish Clerk. This covers areas of

	Finance, Assets and Parish Activities (see copy attached). This is considered by Full Council. Any issues considered to be at high risk are investigated and appropriate action is agreed. Finance and asset control will be covered by the internal control process. This will be reviewed by the Internal Auditor on a half yearly basis and will be a permanent item on the agenda of the Finance Committee.
Asset controls	Assets have been identified as part of the risk management process. It is proposed that an asset register data base is set up. This will not only describe the asset owned but will have the original date of purchase and value. Where this is not available insurance estimates may be used.
Internal Controls	The internal controls will be reviewed by the Internal Auditor on a half yearly basis. This review will be overseen by the Parish Clerk and a member of the Finance committee.
Annual Audit Plan	Internal Auditor to provide feedback and report quarterly following each internal audit, carried out in accordance with his letter of engagement dated 31 st October 2003 and this document. Such audit plan to be reviewed annually.

To be reviewed May 2010