

WELFORD-ON-AVON PARISH COUNCIL

FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its Meeting held on August 3rd 2004

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 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 The RFO shall produce financial management information as required by the council.
- 1.4 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.
- 1.5 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.
- 1.6 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. ANNUAL ESTIMATES (BUDGET)

- 2.1 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 council.
- 2.2 The Council shall review the budget not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The Clerk on behalf of the RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 2.3 The annual budgets shall form the basis of financial control for the ensuing year.

- 2.4 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.

3 BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure in the approved budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. During the budget year and with the approval of council 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.
- 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 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.
- 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 £250. 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 unless placed in an earmarked reserve by resolution of the 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 in accordance with the Accounts and Audit Regulations.
- 4.2 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.
- 4.3 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.
- 4.4 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.

- 4.5 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.
- 4.6 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.
- 4.7 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.

5. BANKING ARRANGEMENTS AND CHEQUES

- 5.1 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.
- 5.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the Clerk 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 the detail shown in the Minutes 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 three 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 Clerk 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 Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk or RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

7 PAYMENT OF SALARIES

- 7.1 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.
- 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 stipulated in employment contracts, 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 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.
- 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. The terms and conditions of borrowings shall be reviewed at least annually.
- 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 Clerk 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 / letter shall be issued by the clerk for all work, goods and services after the clerk has ensured that the expense is to be set against an adequate budget approved for that work by the Council. Copies of orders shall be retained by the clerk.
- 10.2 Order and tender books shall be controlled by the clerk.
- 10.3 All councillors are responsible for obtaining value for money at all times. A councillor requesting an official order to be placed shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 below.
- 10.4 The Clerk 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 Clerk 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 CONTRACT TENDERING PROCEDURE

11.1 Procedures as to tendering and placing of official orders are laid down as follows:

Orders for work, services or goods placed on behalf of this council, shall only be placed on tenders obtained in accordance with the following conditions. On occasions when an “order of cost” is required for work or goods, such enquiry or estimate obtained contrary to these procedures, shall be used for budget purposes only.

11.2. Notwithstanding the following procedures, it is recommended that before ordering any work or materials on behalf of the WPC, at least two written competitive tenders are obtained.

11.3. The **minimum** number of competitive tenders to be obtained for any works or materials supplied shall be as follows:-

- a. less than £500 one
- b. £500 - £1499 two
- c. £1500 - £4999 three
- d. £5000 and over four

11.4 Whenever practical, it is recommended that contractors invited to tender are selected from the current District or County Councils “Approved List of Contractors”. This list is regularly updated and approved by their auditors with respect to the appropriate insurance cover, professional indemnity, financial integrity etc.

NB The list is obtainable for specific categories of works / goods.

If WCC or SDC lists are used then the companies are fully covered.

11.5 Should you wish to invite tenders / quotations from contractors not listed on the approved lists noted above, you must ensure that they are suitable and adequate to carry out the works, and that the WPC is fully indemnified and covered with regards to any loss, liability or claim in respect of any damage or injury arising out of the execution of the works. It is advisable, that where possible, proof of this is obtained and confirmed by the contractor in writing before an order is placed.

11.6 Single tenders or prices must be approved, signed and dated by the chairperson before acceptance.

11.7 All contractors shall be invited to tender or submit a price by a letter drafted by the appropriate councillor. The letter to include:-

- a. A clear description of the works/materials to be provided together with any conditions which may affect the tender/price.
(Councillor responsible to produce the description of works / goods)
- b. An instruction to return their tender/price in the addressed envelope enclosed in the letter of invitation.
- c. The time and date that the tender must be received by the clerk.
- d. A note stating that any tender/price received by the clerk after the requested time will not be considered.

11.8 The WPC clerk shall :

- a. Be responsible to ensure and check that all these requirements and procedures have been complied with before placing the official order/letter.
- b. Keep a tender book up to date at all times containing the following information.
 - i. Scheduled time/date for tender submission
 - ii. Project title

- iii. Councillor responsible
- iv. Contractors invited to tender
- v. Record all tender prices (Accepted tender prices to be marked with a *)
- vi. Signatures of clerk/witnesses to opening of tenders, with time/date opened.
- vii. Comments

- c. Type the letter of invitation to tender/price, drafted by the appropriate councillor, and send to all contractors nominated by him/her.
- d. Type on the front of the tender-return envelope sent to the contractor, the project title, return time and date, the clerk's address (to whom it is to be returned)
- e. Enter the appropriate details in the tender book leaving it ready to receive and record the tenders/quotations on submission.
- f. At the appropriate time and date open all tenders in the presence of witnesses and enter details in tender book. Tenders/quotations to be forwarded to appropriate councillor for checking and acceptance.
- g. All tender envelopes received to be dated in ink on receipt by clerk
Tender envelopes received late to be either returned unopened with a note or retained for 12 months unopened (until audited)
- h. Type all letters of acceptance and rejection on recommendation of the councillor responsible for the project and complete tender book as noted in item 11.7b (v)

11.9 Any contractor requesting an extension to the stated tender submission date, must obtain the consent of the councillor responsible for the project. If acceptable the councillor will immediately inform the clerk and all other contractors of the revised time and date. The clerk will record the new time and date in the Tender Book.

11.10. All contractors invited to submit a tender/quotation must be told in the inviting letter that a qualified tender cannot be accepted. (WPC must compare "like with like")

11.11. If before acceptance an error is found in a tender / price, the appropriate contractor must be given the option of either adhering to the original tendered price or withdrawing. If his is the lowest price, his decision must be confirmed in writing before acceptance.

If an error is found after acceptance, and before any work has commenced, the nominated contractor may withdraw from the already binding contract, but only if he agrees, in writing, to forfeit to the WPC the difference between his accepted price and the next lowest tender.

11.12 All invoices shall before payment be checked by the councillor responsible for the project and if correct he shall duly sign the account as all goods having been received or that service/work has been completed to his satisfaction. This account then to be dated and recommended for payment.

Addressed envelope to be returned by contractor (see below)

Cress Hill. 27/7/04 noon

Clerk's address

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:
:

12. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 12.1 Where contracts provide for payment by instalments the Clerk 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 a report shall be submitted to the Council by the appropriate Councillor.
- 12.2 Should there be an alteration or amendment of any kind to the Contract Works a Variation Letter should be sent to the Supplier/ Contractor confirming the instruction within 7 days of the verbal order. This applies whether the Variation Order is an addition or an omission to the Contract works and irrespective of its financial implications. Copy of the Variation Order letter to be sent to the appropriate Councillor.

13 ASSETS, 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 Accounts and Audit Regulations.
- 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.
- 13.3 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.

14 INSURANCE

- 14.1 Following the annual risk assessment (per Financial Regulation 17), the RFO shall effect all insurances and negotiate all claims on the Council's insurers 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 Clerk 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 / Clerk 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 RISK MANAGEMENT

- 15.1 The council is responsible for putting in place arrangements for the management of risk. The Clerk with 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.
- 15.2 When considering any new activity, the Clerk with the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

16 REVISION OF FINANCIAL REGULATIONS

- 16.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Clerk 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.

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Glossary

NALC	National Association of Local Councils
RFO	Responsible Finance Officer
SDC	Stratford District Council
SLCC	Society of Local Council Clerks
VAT	Value Added Tax
WCC	Warwickshire County Council
WPC	Welford Parish Council