

LYMINGE PARISH COUNCIL FINANCIAL REGULATIONS

1. GENERAL

- 1.1 These Financial Regulations govern the conduct of the financial transactions of Lyminge Parish Council and may only be amended or varied by resolution of the Finance and Administration Committee and ratified by the Full Parish Council.
- 1.2 At the time of adoption, the Clerk to the Council is the Responsible Finance Officer (RFO), and under the direction of the Finance and Administration Committee and the Full Council, shall be responsible for the proper administration of the Council's affairs.
- 1.3 The Chair of the Finance and Administration Committee and the RFO shall be responsible for the production of financial management information.

2. ANNUAL ESTIMATES

- 2.1 Each Committee shall formulate and submit to the Finance and Administration Committee proposals in respect of revenue and capital costs for the following financial year, not later than November each year.
- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared by the RFO.
- 2.3 The Finance and Administration Committee will prepare and present to the Full Council annual estimates no later than the end of December each year, at which time a proposed Precept to be levied will be fixed for the ensuing financial year.
- 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 that may be incurred will exceed the amount in the revenue budget without Full Council approval. Any deviations from these regulations to be recorded in the Minutes.
- 3.3 The RFO shall provide as directed by the Finance and Administration Committee, statements of receipts and payments to date under each heading of the budgets, comparing actual expenditure against that planned. These statements are to be prepared at least at the end of each financial quarter.
- 3.4 The RFO is authorised to incur expenditure to a maximum of £2,000 which is necessary to carry out emergency repair, replacement or other work which is of such extreme urgency that it must be completed at once. If expenditure is required for the same reason of emergency but the budgetary provision does not allow for the expenditure, or if the amount exceeds £2,000 but is less than £5,000, the RFO is authorised to incur this expenditure after consultation with the Council Chairman, and the Finance and Administration Committee Chairman and other Committee Chairmen if relevant and practicable. The RFO must report the expenditure to full Council as soon as practicable thereafter.
- 3.5 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving capital expenditure unless the Finance and Administration

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Committee and the Full Council are satisfied that the expenditure is covered by an amount in the annual budget, or that there are adequate financial reserves to cover the expenditure or the requisite borrowing approval has been obtained.

- 3.6 All capital works shall be administered in accordance with Lyminge Parish Council's Financial Regulations relating to contracts.
- 3.7 All expenditure in-between meetings of Full Council shall be reported to, and approved at, the next available meeting.
- 3.8 Unspent provisions in the revenue budget shall not be carried forward automatically to a subsequent year.
- 3.9 The Finance and Administration Committee may recommend to the Full Council through the budget for the next financial year that expenditure provided for in the budget may be met from allocated reserves rather than from income for the year. In the event that such a provision is approved, a like amount of reserves shall be designated as a Specific Reserve for that purpose. Specific Reserves shall be kept separate from the General Reserve which may be applied on a contingency basis at any time, within the provisions of these Financial Regulations.

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of Lyminge Parish Council shall be determined by the RFO as required by the Accounts and Audit Regulations 2003, as amended.
- 4.2 The RFO and the Chair of Finance shall be responsible for completing the annual financial statements of Lyminge Parish Council as soon as practicable after the end of the financial year and shall submit them to the Finance and Administration Committee who will report thereon to the Full Council no later than the June meeting.
- 4.3 The RFO shall be responsible for completing the Accounts of the Parish Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the external auditor) and for submitting the Annual Return for approval and authorisation at Full Council within the timescales set by the Accounts and Audit Regulations 2003 as amended, or set by the Auditor.
- 4.4 The Finance and Administration Committee will ensure that there is an adequate and effective system of internal audit of the Lyminge Parish Council's accounting, financial and other operations in accordance with the Accounts and Audit Regulations 2003. Any officer or member of Lyminge Parish Council shall, if the Finance and Administration Committee, the RFO or Internal Auditor requires, make available such documents of the Council which appear to the Finance and Administration Committee, 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 the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as required annually by the external auditor. 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. 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 as national legislation requires.
- 4.7 The RFO shall, as soon as practicable, bring to the attention of the Finance and Administration Committee, Finance Chair or Full Council, any correspondence or report from the Internal or External Auditor, unless the correspondence is purely an administrative matter.

5. BANKING ARRANGEMENTS AND CHEQUES

- 5.1 The Council's banking arrangements shall be made by the RFO approved by the Finance and Administration Committee and ratified by the Full 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 RFO and, together with relevant invoices, be presented to either the Finance and Administration Committee or Full Council, as per clauses 12 and 13 of the Terms of Reference of the Finance and Administration Committee. If the schedule is in order it shall be authorised by a resolution of either the Finance and Administration Committee or Full Council, as the case may be, 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 two authorised signatories.
- 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 and the invoice or similar documentation.

6. PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by the use of internet banking, cheque or other order drawn on the Council's bankers.
- 6.2 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.
- 6.3 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, which are in order, at the next available meeting.
- 6.4 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 meeting of either the Finance and Administration Committee or Full Council, where the RFO and Finance Chair certify that there is no dispute or other reason to delay payment, the RFO 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 the Council.
- 6.5 Where internet banking arrangements are made with any bank, the RFO shall be appointed as the Service Administrator. Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites") and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for Council banking work. Breach of this Regulation will be treated as a very serious matter under these Regulations.

- 6.6 The RFO and any member who is a signatory may apply for and use their own unique log-in and password details to access online banking. Log-in and password details must be kept only by the individual, in a secure way, and not shared with any other member nor the Clerk/RFO.
- 6.7 Payments made through internet banking shall be made in accordance with a process which satisfies the dual control requirement of the Council's insurer (Fidelity Guarantee).
- 6.8 The Service Administrator will set up scheduled payments on the online banking system and produce a list to be verified and signed by 2 signatories at the Committee/Council meeting. This list will be checked against the list of payments to be approved which is attached to the agenda. The scheduled payments will be scheduled for payment one or two days after the Committee/Council meeting at which they are to be approved. If any payments are not approved at the meeting, they will be deleted from the scheduled payments on the online banking system by the Service Administrator prior to their scheduled date for payment. Once the scheduled date for payments has passed, the Service Administrator will produce a print of the online transactions directly from the online banking system and this will be sent to the 2 signatories who approved them at the Committee/Council meeting, for their confirmation.
- 6.9 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the RFO, on postage or minor stationery items for example, shall be refunded on a monthly basis.

7. PAYMENT OF SALARIES

- 7.1 The payment of 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 the Finance and Administration Committee ratified by the Full 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 Committee/Council Meeting.
- 7.3 The payment and rates of member and officer expenses and allowances will be reviewed on an annual basis but subject to alteration of condition as and when agreed by the Finance and Administration Committee.

8. LOANS AND INVESTMENTS

- 8.1 All loans and investments shall be negotiated in the name of the Parish Council and shall be for a set period in accordance with Parish Council policy.
- 8.2 The Council's Investment Policy, shall be set 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 Parish Council shall be in the name of the Parish Council.
- 8.4 All borrowings shall be effected in the name of the Parish Council after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by the Finance and Administration Committee and ratified by the Full 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 Parish Council shall be the responsibility of and under the supervision of the RFO and reported to the Finance and Administration Committee.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Full Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Parish Council.
- 9.3 The Finance and Administration Committee will review all fees and charges annually as part of the annual budget process.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Full Council and shall be written off within a year.
- 9.5 All sums received on behalf of the Parish Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Parish 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 Parish 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 Parish Council, the RFO shall take such steps as are agreed by the Finance and Administration Committee or Full Council to ensure that more than one person is present when cash is counted in the first instance, that there is a reconciliation to some form of control such as tickets 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 A written purchase order shall be issued for all work, goods and services unless a formal contract is to be prepared or a written purchase order would be inappropriate. Copies of all orders and contracts shall be retained.
- 10.2 All purchase orders shall be issued and signed by the RFO except in exceptional circumstances (eg annual leave), when the Chair of the Finance and Administration Committee shall deputise.
- 10.3 All Members and Officers are responsible for obtaining value for money at all times. Any 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, or under the instruction of any Chair of committees, subject to any *de minimis* provision in Regulation 11.1 (h) 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 the minutes can record the power being used.

- 10.5 The RFO shall ensure that any order has the appropriate documentation attached ensuring that the authorisation can be verified.

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 are provided by solicitors, accountants, surveyors and planning consultants;
 - (iii) for work to be executed or goods or materials to be supplied which consists of repairs to or parts for existing machinery or equipment or plant;
 - (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Parish Council, or the allocation of new work to a Preferred Supplier;
 - (v) 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 of the Parish Council and the Finance Chair).
 - (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 £ 25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods materials, works or specialised services as are excepted as set out in paragraph (a) the RFO 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 Full Council.
- d) 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 where appropriate. 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.
- e) All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of the Chair of Finance or some other delegated member.
- f) If fewer than three tenders are received for contracts above £25,000 or if all the tenders are identical, the Parish Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.

- g) Any invitation to tender issued under this regulation shall contain a statement to the effect that any person tendering must disclose any relationship to a Member or Officer of the Council. Any such relationship not disclosed may result in the cancellation of any subsequent order.
- h) When it is to enter a contract for less than £25,000 in value for goods or materials or the execution of works or specialist services other than those as set out in paragraph (a), the RFO shall obtain three firm prices, except that where the value is below £5,000, a de minimis shall apply and the RFO shall instead only be required to ensure best value as set out in Regulation 10.3 above.
- i) The Parish Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- j) Where work has been performed by a contractor to its satisfaction, the Finance and Administration Committee may resolve and recommend to the Full Council that such contractor is approved as a Preferred Supplier. The RFO shall maintain a list of Preferred Suppliers, and any work offered to a contractor on this list shall be subject to the exemption provided by Paragraph 11.1 a), (iv) above.

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

13. STORES AND EQUIPMENT

- 13.1 The Chair in charge of each committee shall be responsible for the care and custody of stores and equipment in that section.
- 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. PROPERTIES AND ESTATES

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

nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Regulation 4(3)(b) of the Accounts and Audit Regulations 1996 as amended.

14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Parish Council, together with any consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £50.

14.3 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.

15. INSURANCE

15.1 Following an annual Risk Assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurance (in consultation with the Chair of Finance).

15.2 The RFO shall review all new risks, properties or vehicles which require to be insured and any alterations affecting existing insurances.

15.3 The RFO shall keep a record of all insurances effected by the Parish Council and the property and risks covered thereby and annually review it with the Finance and Administration Committee.

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 Finance and Administration Committee and Full Council at the next available meeting.

15.5 All appropriate employees of the Parish Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Finance and Administration Committee.

16. CHARITIES

16.1 Where the Parish 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 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.

17. RISK MANAGEMENT

17.1 The Chair of Finance and the RFO shall prepare and promote risk management policy statements in respect of all activities of the Parish Council, for approval by the Finance and Administration Committee and adoption by the Parish Council. The risk policy statements and consequential risk management arrangements shall be reviewed by the Finance and Administration Committee at least annually.

17.2 When considering any new activity the Chair of Finance and the RFO shall prepare a draft Risk Assessment policy, addressing the legal and financial liabilities and risk management issues that arise, prior to consideration by the Finance and Administration Committee and adoption by the Parish Council.

18. REVISION OF FINANCIAL REGULATIONS

18.1 It shall be the duty of the Finance and Administration Committee and the Full Council to review the Financial Regulations of the Council annually. The RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise the Parish Council of any requirements for consequential amendments to these Financial Regulations.

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It is an aspiration of the Parish Council that the Finance and Administration Committee will prepare, and have regard to, a three year forecast of both Capital and Revenue receipts and payments which shall be prepared and presented at the same time as the annual Budget.