


## FINANCIAL REGULATIONS EARL SOHAM PARISH COUNCIL

 7/3/18

These Financial Regulations were amended /adopted by Earl Soham Council at its Meeting held on 9th May 2016 superceding those of 11th July 2011 and 12th January 2015

**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 at the time of employment.

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 as defined in 1.6.

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.

1.7 The RFO maintains computerised financial records and a copy of any passwords required to access these must be lodged in a secure location. Back-ups of computerised records will be kept in two separate locations.

**2. ANNUAL ESTIMATES (BUDGET)**

2.1 Committees will prepare income and expenditure estimates covering both revenue and capital requirements which will be used by the Council in the preparation of a draft budget proposal.

2.2 Estimates of anticipated receipts/income and payments/expenditure and capital requirements, other than those covered in 2.1 above, will be made by the RFO together with the Chairman.

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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. Bank accounts shall not be set up or closed without the authority of the Council and recorded in the minutes.

5.2 Every account shall be identified with the Council's name (which can be abbreviated to 'ESPC') as part of its title.

5.3 All income is to be banked – there is to be no expenditure from un-banked income.

5.4 The Council will have the following running accounts:

- ✂ A main Current account into which all funds are entered.
- ✂ A high interest account for funds not immediately required. The RFO is responsible for effecting transfers as required to keep the current account in credit.

5.5 The Council may authorise the transfer of funds into longer-term deposit bonds or equivalent operated by a High Street Bank or similar reputable and low-risk institution where such funds are not expected to be required during the period of the bond. This may involve the opening and use of associated current accounts. Any new accounts must be authorised by the Parish Council and will operate under the same signatories as the main current account.

5.6 Transfers into or from such deposits must be reported to and approved by the full

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6.10 Statements of all accounts are to be obtained from the Bank and checked and reconciled monthly. Bank statements confirming that approved BACS transfers have been made will be presented by the RFO to the next full Council meeting, verified by the Chairman and one other mandated signatory, and recorded in the minutes.

6.11 From time to time any two of the Chairman, or signatories with the authority of the RFO may jointly authorise expenditure on behalf of the Council to a maximum of £1,000 provided that in their view the interests of the Council require such authority to be given prior to the next Council meeting, by reason of emergency or extraordinary circumstances and provided a full report of the expenditure and reason for it is made at that meeting.

6.12 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 paragraph 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.

6.13 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 monthly basis.

6.14 If thought appropriate by the council, payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two members 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 four years.

### 7. PAYMENT OF SALARIES AND REIMBURSEMENT

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.

7.3 The Council will annually review salaries and other payments.

7.4 Payment of reimbursements to Council employees or councillors shall be made in accordance with Financial Regulation 6, with the employee or councillor submitting invoices, receipts or a mileage form for review and approval. Mileage forms shall carry the signature of the RFO (for claims by councillors) Claims for significant reimbursements, which if not immediately paid could adversely

impact on an employee or councillor, may be authorised and paid prior to a

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the RFO.

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 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 Regulation 11 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.

10.5 Committees' may authorise expenditure of up to £300 per item for work or materials for work carried out in their area of responsibility and within their overall budget. Expenditure of sums greater than £300 shall be approved by Full Council.

10.6 Authority may be delegated to named Council Employees/Contractors to place orders verbally with the authority of the RFO. Such orders shall be restricted to a maximum of £300 per item.

10.7 In an emergency the RFO and the Chairman can sanction expenditure of up to £1,000. The circumstances shall be reported to the Full Council at the next opportunity.

### 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 £300 (in excess of this sum the 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 £10,000 in value, over the proposed duration of the contract, 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 RFO shall seek tenders from at least three vendors on the

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### **13. STORES AND EQUIPMENT**

13.1 The Parish Clerk holds the Asset list for equipment owned/jointly owned by the Parish Council.

13.2 Delivery Notes shall be obtained in respect of all goods received 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 stores and equipment at least annually, normally as part of the overall review of assets maintained by the Council.

### **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. 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.

14.2 No tangible moveable property shall be purchased or otherwise acquired, 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 [£250].

14.3 No real property (interests in land) shall be sold, leased or otherwise disposed of without the authority of the council, together with any other consents required by law, in each case a Report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

14.4 No real property (interests in land) shall be purchased or acquired without the authority of the full council. In each case a Report in writing shall be provided to council in respect of valuation and surveyed condition of the property (including matters such as planning permissions and covenants) together with a proper business case (including an adequate level of consultation with the electorate).

14.5 Subject only to the limit set in Reg. 14.2 above, no tangible moveable property shall be purchased or acquired without the authority of the full council. In each case a Report in writing shall be provided to council with a full business case.

14.6 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.