

# NEWPORT PARISH COUNCIL

## FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its Meeting held on 13th June 2016.

### **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.
- 1.2 The Responsible Financial Officer (RFO) 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.
- 1.3 The RFO shall produce financial management information (as required by the council).
- 1.4 Prior to approving the annual return and at regular intervals the council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices. The review/s will take place on an annual basis
- 1.5 The council shall review these financial regulations annually. 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.

### **2. ANNUAL BUDGET**

- 2.1 The RFO shall prepare an annual budget not later than the end of December 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 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 budget 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 that will exceed the amount provided in the revenue budget for that class of expenditure.
- 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 £750. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.5 The Clerk may incur expenditure on behalf of the Council for routine purchases e.g stationery, stamps and office equipment, provided there is a 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.
- 3.6 The Devolved Services Committee may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work which is necessary to the smooth operation of the services, subject to a limit of £1500. The action shall be reported to the Council as soon as practicable thereafter.
- 3.7 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.
- 3.8 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 2003 or other statutory instrument which may supersede those 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 in any case by the statutory date of the 30<sup>th</sup> September and shall submit them and report thereon to the Council.
  - The annual return is in four sections:
  - The accounts
  - The statement of assurance
  - The external auditor's certificate and opinion
  - The internal audit's report
- 4.3 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 (regulation 5 of the Accounts and Regulations 2003).

- 4.4 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, shall be **competent** and **independent** of the operations of the Council, and 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.
- 4.5 The council shall consider and act on any items appearing in the internal audit report for the financial year just ended.
- 4.6 The council shall consider and act on any items appearing in the external audit report for the financial year just ended.
- 4.7 The statement of assurance shall be completed and approved by the council and signed and dated by the Chairman and the Clerk and the minute reference recorded.
- 4.8 The RFO shall make arrangements for the opportunity for public 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.
- 4.9 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.

## **5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS**

- 5.1 The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.
- 5.2 The RFO shall prepare a schedule of payments requiring authorisation, forming part of the Agenda for the Meeting and, together with the relevant invoices, present the schedule to council. The council shall review the schedule for compliance and, having satisfied itself shall authorise payment by a resolution of the council. The approved schedule shall be initialled by the Chairman of the Meeting. A detailed list of all payments shall be disclosed within or as an attachment to the minutes of the meeting at which payment was authorised. Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.
- 5.3 All invoices for payment shall be examined, verified and certified by the RFO to confirm that the work, goods or services to which each invoice relates has

been received, carried out, examined and represents expenditure previously approved by the council.

- 5.4 The RFO shall examine invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to pay all invoices submitted, and which are in order, at the next available council meeting.
- 5.5 The Clerk/RFO shall have delegated authority to authorise the payment of items only in the following circumstances:
- a) 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, provided that a list of such payments shall be submitted to the next appropriate meeting of council [or finance committee];
  - b) An expenditure item authorised under 5.6 below (continuing contracts and obligations) provided that a list of such payments shall be submitted to the next appropriate meeting of council
- 5.6 For each financial year the Clerk/RFO shall draw up a list of due payments which arise on a regular basis as the result of a continuing contract, statutory duty, or obligation (such as but not exclusively) Salaries, PAYE and NI, Superannuation Fund and regular maintenance contracts and the like for which council, or a duly authorised committee, may authorise payment for the year provided that the requirements of regulation 4.1 (Budgetary Controls) are adhered to, provided also that a list of such payments shall be submitted to the next appropriate meeting of council.
- 5.7 A record of regular payments made under 5.6 above shall be drawn up and be signed by two members on each and every occasion when payment is authorised - thus controlling the risk of duplicated payments being authorised and / or made.
- 5.8 In respect of grants a duly authorised committee shall approve expenditure within any limits set by council and in accordance with any policy statement approved by council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of the council.
- 5.9 Members are subject to the Code of Conduct that has been adopted by the council and shall comply with the Code and Standing Orders when a decision to authorise or instruct payment is made in respect of a matter in which they have a disclosable pecuniary or other interest, unless a dispensation has been granted.
- 5.10 The council will aim to rotate the duties of members in these Regulations so that onerous duties are shared out as evenly as possible over time.

- 5.11 Any changes in the recorded details of suppliers, such as bank account records, shall be approved in writing by a Member.

## **6 PAYMENT OF ACCOUNTS**

- 6.1 All payments shall be effected by cheque or direct debit drawn on the Council's bankers.
- 6.2 Following authorisation under Financial Regulation 5 above, the council, a duly delegated committee or, if so delegated, the Clerk or RFO shall give instruction that a payment shall be made.
- 6.3 All payments shall be effected by cheque or other instructions to the council's bankers, or otherwise, in accordance with a resolution of council [or duly delegated committee].
- 6.4 Cheques or orders for payment drawn on the bank account in accordance with the schedule as presented to council or committee shall be signed by two members of council and countersigned by the Clerk, in accordance with a resolution instructing that payment. A member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.
- 6.5 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.
- 6.6 Cheques or orders for payment shall not normally be presented for signature other than at a council or committee meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the council [or Finance Committee] at the next convenient meeting.
- 6.7 If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and any National Non-Domestic Rates 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 two years.
- 6.8 If thought appropriate by the council, payment for certain items (principally salaries) may be made by banker's standing order provided that the instructions are signed, or otherwise evidenced by two members are retained and any payments are reported to council as made. The approval of the use of a banker's standing order shall be renewed by resolution of the council at least every two years.

- 6.9 If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, are retained and any payments are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every two years.
- 6.10 If thought appropriate by the council payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
- 6.11 Where a computer requires use of a personal identification number (PIN) or other password(s), for access to the council's records on that computer, a note shall be made of the PIN and Passwords and shall be handed to and retained by the Chairman of Council in a sealed dated envelope. This envelope may not be opened other than in the presence of two other councillors. After the envelope has been opened, in any circumstances, the PIN and / or passwords shall be changed as soon as practicable. The fact that the sealed envelope has been opened, in whatever circumstances, shall be reported to all members immediately and formally to the next available meeting of the council. This will not be required for a member's personal computer used only for remote authorisation of bank payments.
- 6.12 No employee or councillor shall disclose any PIN or password, relevant to the working of the council or its bank accounts, to any person not authorised in writing by the council or a duly delegated committee.
- 6.13 Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
- 6.14 The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used.
- 6.15 Where internet banking arrangements are made with any bank, the Clerk/RFO shall be appointed as the Service Administrator. The bank mandate approved by the council shall identify a number of councillors who will be authorised to approve transactions on those accounts. The bank mandate will state clearly the amounts of payments that can be instructed by the use of the Service Administrator alone, or by the Service Administrator with a stated number of approvals.
- 6.16 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.

- 6.17 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard copy notification by the supplier and supported by hard copy authority for change signed by the Clerk/RFO and a member. A programme of regular checks of standing data with suppliers will be followed.
- 6.18 Any Debit Card issued for use will be specifically restricted to the Clerk/ RFO and will also be restricted to a single transaction maximum value of £500 unless authorised by council or finance committee in writing before any order is placed.
- 6.19 A pre-paid debit card may be issued to employees with varying limits. These limits will be set by the council. Transactions and purchases made will be reported to the council or relevant committee and authority for topping-up shall be at the discretion of the council or relevant committee.
- 6.20 Any corporate credit card or trade card account opened by the council will be specifically restricted to use by the Clerk/RFO and shall be subject to automatic payment in full at each month-end.
- 6.21 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.
- Hours of payment shall be agreed by the council and payment made by arrangement through Community Action IW. Any changes to agreed hours will be approved by the council.

## **8 LOANS AND INVESTMENTS**

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.2 All investments of money under the control of the Council shall be in the name of the Council.
- 8.3 All borrowings and application for borrowing approval shall be approved and be effected in the name of the Council. The terms and conditions of borrowings shall be reviewed at least annually.
- 8.4 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 RFO.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council at the next meeting for consideration and appropriate action.
- 9.5 All sums received on behalf of the Council shall be banked intact (*within 1 week of receipt*) by the RFO.
- 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.

## **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 All members and Officers are responsible for obtaining value for money at all times. The RFO 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.

## **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 £1000 in value for the supply of goods or materials or for the execution of works or specialist services other than those set out in paragraph (a) the RFO shall invite tenders from at least three firms.

(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) An invitation to tender shall state the general nature of the work or service and the RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases. Each tendering firm shall be supplied with a specifically marked envelope addressed to the RFO, in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract. All sealed tenders shall be opened at the same time by such persons as the council may direct in the presence of the RFO.

(g) If less than three tenders are received for contracts above £1000 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.

(i) When it is to enter into a contract less than £1000 in value for the supply of goods or materials or works or specialist services other than set out in paragraph (a) the RFO shall obtain 3 quotations.

11.2 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 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, possibly in conjunction with a health and safety inspection of assets.

### **14 LOCAL GOVERNMENT TRANSPARENCY CODE 2015**

- 14.1 The Parish Council shall act in accordance with the Local Government Transparency Code 2015 issued by the Secretary of State for Communities and Local Government in exercise of his powers under section 2 of the Local Government, Planning and Land Act 1980 ("the Act") to issue a Code of Recommended Practice (the Code) as to the publication of information by local authorities about the discharge of their functions and other matters which he considers to be related.
- 14.2 The Code does not replace or supersede the existing legal framework for access to and re-use of public sector information provided by the:
- Freedom of Information Act 2000 (as amended by the Protection of Freedoms Act 2012)
  - Environmental Information Regulations 2004
  - Re-use of Public Sector Information Regulations 2005
  - Infrastructure for Spatial Information in the European Community (INSPIRE) Regulations 2009, and
  - Sections 25 and 26 of the Local Audit and Accountability Act 2014 which provide rights for persons to inspect a local authority's accounting records and supporting documentation, and to make copies of them.

14.3 The Parish Council shall publish quarterly the following information:

- Expenditure exceeding £500
- Procurement information

14.4 The data and information referred to above will be:

- First published within a period of three months from the date on which the Council last published that data under the Local Government Transparency Code 2014 and no later than one month after the quarter to which the data and information is applicable
- Publish the data and information quarterly thereafter and on each occasion no later than one month after the quarter to which the data and information is applicable.

## **14.5 INFORMATION TO BE PUBLISHED QUARTERLY**

### **14.5.1 EXPENDITURE EXCEEDING £500**

The Parish Council will publish details of each individual item of expenditure that exceeds £500. This includes items of expenditure consistent with Local Government Association guidance, and will include:

- Individual invoices
- Grant payments
- Expense payments
- Payments for goods and services
- Grants
- Grant in aid
- Rent
- Credit notes over £500, and
- Transactions with other public bodies.

For each individual item of expenditure, the following information will be published:

- Date the expenditure was incurred
- Local authority department which incurred the expenditure
- Beneficiary
- Summary of the purpose of the expenditure
- Amount
- Value Added Tax that cannot be recovered and merchant category (e.g. computers, software etc).

#### 14.5.2 **PROCUREMENT INFORMATION (REFER ALSO TO THE COUNCILS CONTRACT STANDING ORDERS AND PROCUREMENT CODE OF PRACTICE)**

The Town Council will publish details of every invitation to tender / quote for contracts to provide goods and/or services with a value that exceeds £5,000. For each invitation, the following details will be published:

- Reference number
- Title
- Description of the goods and/or services sought
- Start, end and review dates

The Council will also publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds **£5,000**. For each contract, the following details will be published:

- Reference number
- Title of agreement
- Description of the goods and/or services being provided
- Supplier name and details
- Sum to be paid over the length of the contract or the estimated annual spending or budget for the contract
- Value Added Tax that cannot be recovered
- Start, end and review dates
- Whether or not the contract was the result of an invitation to quote or a published invitation to tender, and
- Whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number.

#### 14.6 **INFORMATION TO BE PUBLISHED ANNUALLY**

##### 14.6.1 **PARISH COUNCIL LAND AND PROPERTIES**

The council will publish details of all land and building assets including:

- All service and office properties occupied or controlled by user bodies, both freehold and leasehold
- Any properties occupied or run under Private Finance Initiative contracts
- All other properties they own or use, for example, hostels, laboratories, investment properties and depots
- Garages unless rented as part of a housing tenancy agreement

- Surplus, sublet or vacant properties
- Undeveloped land
- Serviced or temporary offices where contractual or actual occupation exceeds three months, and
- All future commitments, for example under an agreement for lease, from when the contractual commitment is made.

Information about the following land and building assets are to be excluded from publication:

- Rent free properties provided by traders

The data and information in the part will be:

First published within a period of one year from the date on which the Town Council last published that data under the Local Government Transparency Code 2014 and not later than one month after the year to which the data and information is applicable.

Published annually thereafter and on each occasion not later than one month after the year to which the data and information is applicable.

For each land or building asset, the following information must be published together in one place:

- Unique Property Reference Number
- Unique asset
- Name of the building/land or both
- Street name – this is the postal road address
- Post town
- United Kingdom postcode
- Map reference

#### 14.7 **GRANTS TO VOLUNTARY, COMMUNITY AND SOCIAL ENTERPRISE ORGANISATIONS**

The Town Council will publish details of all grants to voluntary, community and social enterprise organisations. This will be achieved by either:

- Tagging and hence specifically identifying transactions which relate to voluntary, community and social enterprise organisations within published data on expenditure over £500 or published procurement information, or
- By publishing a separate list or register.

For each identified grant, the following information must be published as a minimum:

- Date the grant was awarded
- Time period for which the grant has been given
- Local authority department which awarded the grant
- Beneficiary
- Beneficiary's registration number (Charity or Company Registration Number)
- Summary of the purpose of the grant, and
- Amount

## **15 INSURANCE**

- 15.1 Following the annual risk assessment (per Financial Regulation 15), the RFO shall effect all insurances and negotiate all claims on the Council's insurers and shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.2 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.

## **16 RISK MANAGEMENT**

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

## **17 SUSPENSION AND 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. 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.
- 17.2 The council may, by resolution of the council duly notified prior to the relevant meeting of council, suspend any part of these Financial Regulations provided that reasons for the suspension are recorded and that an assessment of the risks arising has been drawn up and presented in advance to all members of council.