

HYDE PARISH COUNCIL

FINANCIAL REGULATIONS

These revised financial regulations were adopted by the Council at its meeting held in October 2016.

1. GENERAL

1.1 These financial regulations govern the conduct of the financial management by the Council and may only be amended or varied by resolution of the Council. The Council is not empowered by these Regulations or otherwise to delegate certain specified decisions.

1.2 The Responsible Financial Officer (RFO), under the policy direction of the Council shall be responsible for the proper administration of the Council's affairs in accordance with all Acts, Regulations and proper practices. Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

1.3 The RFO shall be responsible for the production of financial management information.

2. ANNUAL ESTIMATES/BUDGET AND FORWARD PLANNING

2.1 Detailed estimates of all receipts and payments for the year, including an allowance for contingencies, shall be prepared each year by the RFO, no later than November.

2.2 The Council shall review the estimates in time to fix the precept to be levied for the ensuing financial year, not later than the end of January each year. The RFO shall supply each member with a copy of the approved estimates, which shall form the annual budget.

2.3 The approved annual budget shall form the basis of financial control for the ensuing year.

2.4 The Council shall prepare and have regard to a three year forecast of receipts and payments which shall be prepared at the same time as the annual budget.

3. BUDGETARY CONTROL AND AUTHORITY TO SPEND

3.1 Expenditure may be incurred up to the amounts included in the approved budget.

3.2 No expenditure may be incurred which will exceed the amount provided in the budget without a resolution of the Council.

3.3 The RFO shall provide the Council with a statement of receipts and payments to date under each head of the budget, comparing actual expenditure against that planned, at least twice each year.

3.4 The Chairman (or, in the absence of the Chairman, the RFO) may incur expenditure on behalf of the Council which is necessary to carry out any repair, replacement or other work which is of such extreme urgency that it must be done at once, whether or not there is

any budgetary provision for the expenditure, subject to a limit of £200. The action shall be reported to the Council as soon as is possible thereafter.

3.5 The salary budgets are to be reviewed at least annually (in November) for the following financial year. The RFO will inform Council of any changes impacting on the budget requirement.

3.6 Changes in earmarked reserves shall be approved by Council as part of the budgetary control process.

4. ACCOUNTING AND AUDIT (INTERNAL AND EXTERNAL)

4.1 All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations 1996, appropriate guidance and proper practice.

4.2 On a regular basis, at least twice each year and at financial year end, a member other than the Chairman [or a cheque signatory] shall be appointed to verify bank reconciliations (for all accounts) produced by the RFO. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.

4.3 The RFO shall be responsible for completing the annual financial statements of the Council as soon as is practicable after the end of the financial year and shall submit them and report thereon to the Council

4.4 The RFO shall be responsible for completing the accounts of the Council contained in the annual return (as supplied by the auditor appointed from time to time by the Audit Commission) and for submitting the annual return for approval and authorisation by the Council within the time scales set by the Accounts and Audit Regulations 1996 as amended, or set by the auditor.

4.5 The RFO shall be responsible for ensuring that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practice. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council and other information which appear to be necessary for the purposes of the internal audit.

4.6 The Internal Auditor shall carry out the work in relation to internal controls required by the Council in accordance with proper practices with a view to the satisfactory completion of the Internal Auditor's report section of the annual return. The Internal Auditor, who shall be competent and independent of the operations of the Council and shall report to the Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.

4.7 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books and vouchers and display or publish any notices and statements of account required by the Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.

4.8 The RFO shall, as soon as practicable, bring to the attention of all councillors any correspondence from the Internal or External Auditor, unless the correspondence is on a purely administrative matter.

5. BANKING ARRANGEMENTS AND CHEQUES

5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. They shall be regularly reviewed for safety and 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 the relevant invoices, be presented to the Council. If the schedule is in order, it shall be authorised by a resolution of the Council and shown in the minutes of the meeting.

5.3 Cheques drawn on the bank account shall be signed by two members of the Council. The signatories shall each also initial the cheque counterfoil and the payment slip prepared by the RFO. 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. 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 RFO. The RFO shall satisfy him/herself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.

6.3 The RFO shall check invoices for arithmetical accuracy and analyse them to the appropriate expenditure heading. The RFO shall take all steps to settle invoices which are in order at the next available Council meeting.

6.4 If a payment is necessary to avoid a charge to interest and the due date for payment is before the next scheduled meeting of the Council, where the RFO certifies that there is no dispute or other reason to delay payment, the RFO may take all steps to settle such invoices provided that a list of such payments shall be submitted to the next Council meeting.

6.5 The RFO shall keep a record of petty cash payments. This shall be submitted to the Council periodically and, if approved, reimbursed by cheque.

7. PAYMENT OF CLERK'S SALARY

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 salary rates shall be as agreed by council. The clerk's salary, after deducting any NI, income tax or pension due, shall be paid as in 6 above.

- 7.2 Payments due to HMRC and the selected pension provider will be made as in 6 above.
- 7.3 An effective system of personal performance management should be maintained for staff.
- 7.4 Any termination payments shall be supported by a clear business case and reported to the council. Termination payments shall only be authorised by council.
- 7.5 Before employing interim staff the council must consider a full business case.

8. INCOME

- 8.1 The collection of all sums due to the Council shall be the responsibility of the RFO.
- 8.2 All income received shall be banked as soon as practicable and the Council notified.
- 8.3 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. ORDERS FOR WORK, GOODS AND SERVICES

- 9.1 These shall be approved by the Council after it is ensured that, as far as is reasonable, the best terms are obtained. The threshold above which work, goods and services must be put out to tender shall be £1500.
- 9.2 A member may not issue an official order or make any contract on behalf of the council.
- 9.3 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, 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 EQUIPMENT AND STORES

- 10.1 The RFO shall maintain a list of assets held by the Council, their location and current insurance values, which must be reported to members at least annually.
- 10.2 No property shall be sold or otherwise disposed of without the authority of the Council.

11. INSURANCE

11.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

11.2 All new risks which need to be insured and any alterations affecting existing insurances shall be dealt with promptly by the RFO

11.3 The RFO shall keep a record of all the insurances effected by the Council and the property and risks covered thereby and shall annually review it.

11.4 The RFO shall be notified of any loss, liability, damage or event likely to lead to a claim and shall report these to the Council at the next available meeting.

11.5 All appropriate members and 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.

12. RISK MANAGEMENT

12.1 The RFO shall prepare and promote risk management statements as appropriate for activities undertaken by the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the council at least annually.

12.2 When any new activity is considered, the RFO shall prepare a draft risk management policy addressing the legal and financial liabilities and other risk management issues which arise and bring it to the Council for consideration and, if appropriate, adoption.

13. REVISION OF FINANCIAL REGULATIONS

13.1 It shall be the duty of the Council to review the financial regulations from time to time.

13.2 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.

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