#  SUTTON PARISH COUNCIL

 **FINANCIAL REGULATIONS**

 **ADOPTED BY THE COUNCIL ON 3rd JULY 2007**

 **AND REVIEWED ON 13th July 2019.**

**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 the prevention and detection of fraud and**

**corruption. These financial regulations are designed to demonstrated how the**

**council meets these responsibilities.**

**1.2. The Responsible Financial Officer is a statutory office and shall be appointed**

**annually by the council. The Clerk has been appointed as Responsible Financial**

**Officer for this Council and these regulations will apply accordingly. The Clerk,**

**acting under the policy direction of the Council, shall administer the Council's**

**financial affairs in accordance with proper practices. The Clerk shall determine on**

**behalf of the Council, its accounting records, and accounting control systems. The**

**Clerk 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 Clerk shall produce financial management information for distribution, review**

**and agreement at each Parish Council meeting.**

**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 Clerk in the form**

**of a budget to be considered by the Council.**

**• Definition of Council for the purpose of this document means Sutton Parish Council.**

**1**

**2.2 The Council shall review the budget not later than the end of November each year**

**and shall fix the Precept to be levied for the ensuing financial year. The Clerk shall**

**issue the precept of 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 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 Clerk 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 £100. 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 tendered 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 Clerk in accordance with the Accounts and Audit Regulations.**

**4.2 The Clerk 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.**

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**2**

**4.3 The Clerk 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 Clerk shall ensure that there is adequate and effective system of internal audit**

**of the Council's accounting, financial and other operating in accordance with**

**proper practices. Any officer or member of the Council shall, if the Clerk or**

**Internal Auditor requires, make available such documents of the Council which**

**appear to the Clerk of Internal Auditor to be necessary for the purpose of the**

**internal audit and shall supply the Clerk or Internal Auditor with such information**

**and explanation as the Clerk 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 an annual 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 conflicts or interest and have**

**no involvement in the financial decision making, management or control of the**

**Council.**

**4.6 The Clerk 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 the Audit Commission Act 1998 and the**

**Accounts and Audit Regulations.**

**4.7 The Clerk 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 Clerk and approved by the Council. They shall be annually 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 two members**

**of the Council, in accordance with the Bank Mandate.**

**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 sign the cheque counterfoil.**

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**3**

**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**

**allocate 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 certifies that there is not**

**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 the 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 (for example for postage**

**or minor stationery items) shall be refunded by cheque on a monthly basis.**

**6.6 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 annually.**

**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.**

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**4**

**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 applications for**

**borrowing approval shall be approved by Council as to terms and purpose.**

**The terms and conditions of borrowing shall be reviewed at least annually.**

**8.5 All investment certificates and other documents relating thereto shall be**

**retained in the custody of the Clerk.**

**9. INCOME**

**9.1 The collection of all sums due to the Council shall be the responsibility of**

**and under the supervision of the Clerk.**

**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**

**Clerk who shall be responsible for the collection of all accounts due to the**

**Council.**

**9.3 The Council will review all lettings, fees and charges annually, following a**

**report from 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 Clerk. In all cases, all receipts shall be deposited with the**

**Council's bankers with such frequency as the Clerk 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.**

**10 ORDERS FOR WORK, GOODS AND SERVICES**

**10.1 A letter shall be issued for all works, goods and services unless a formal**

**contract is to be prepared. Copies of all letters shall be retained.**

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**5**

**10.2 All members are responsible for obtaining value for money at all times.**

**When a letter is issued, it should, as far as reasonable and practicable,**

**reflect that the best available terms have been 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 1 l(h) below.**

**10.3 The Clerk shall verify the lawful nature of any proposed purchase before**

**the issue of a letter, 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 Minutes can**

**record the power being used.**

**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)**

**and (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 for 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**

**constitutes 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 this Clerk shall act after**

**consultation with the Chairman and Vice Chairman of the Council.**

**(vi) For goods or materials proposed to be purchased which are proprietary**

**articles and / or are only sold at a fixed priced.**

**b) Where it is intended to enter into a contract exceeding £15,000 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 specialist services as**

**are excepted as set out in paragraph (a) the Clerk shall invite tenders from**

**at least three firms, after seeking appropriate advice from the purchasing**

**\* department at Rochford District Council**

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**6**

**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) Such invitation to tender shall state the general nature of the intended**

**contact and the Clerk shall obtain the necessary technical assistance to**

**prepare a specification in appropriate cases. The invitation shall in addition**

**state that tenders must be addressed to the Clerk 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 Clerk in the presence of at least one member of the Council.**

**f) If less than three tenders are received for contracts above £15,000 or it all**

**tenders are identical the 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 of Standing Order 61, 63 and 64.**

**h) When it is to enter into a contract less that £15,000 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 specialist services as are**

**excepted as set out in paragraph (a) the Clerk shall obtain 3 quotations**

**(Priced descriptions of the proposed supply; where the value us below**

**£1,000 and above £100 the Clerk shall strive to obtain 3 estimates.**

**Otherwise Regulations 10 (3) above shall apply.**

**i) The Council shall not be obliged to accept the lower 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 Clerk 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 Clerk shall**

**maintain a record of all such payments. In any case where it is estimated**

**that the total cost of works 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 contact 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.**

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**7**

**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 Clerk 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, rent 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,**

**saved where the estimate value of any one item of tangible movable**

**property does not exceed £50.**

**13.3 The Clerk shall ensure that an appropriate and accurate Register of Assets**

**and Investments is kept up to date. The continued existence of tangilble**

**assets shown in the Register shall be verified at least annually, possibly in**

**conjunction with a health and saved inspection of assets.**

**14 INSURANCE**

**14.1 Following the annual risk assessment (per Financial Regulation 16), the**

**Clerk shall effect all insurances and negotiate all claims on the Council's**

**insurers.**

**14.2 The Clerk shall keep a record of all insurances effected by the Council**

**and the property and risks covered thereby and annually review it.**

**14.3 The 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.**

**14.4 All appropriate employees of the Council shall be included in suitable**

**fidelity guarantee insurance which shall cover the maximum risk**

**exposure as determined by the Council**

**15. CHARITIES**

**15.1 Where the Council is sole trustee of a Charitable body the Clerk and**

**RFO shall ensure that separate accounts are kept of the funds held on**

**charitable trusts and separate financial reports made in such form as**

**shall be appropriate, in accordance with Charity Law and legislation,**

**or as determined by the Charity Commission. The Clerk shall arrange**

**for any Audit or Independent Examination as may be required by**

**Charity Law or any Governing Document**

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**8**

1. **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 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. 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 requirements for a consequential amendment to**

**these financial regulations.**

**SIGNED:**

**PRINT ................................................................**

**DATE .............…………………………............**

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**9**