

HARPENDEN RURAL PARISH COUNCIL FINANCIAL REGULATIONS

These financial regulations were adopted by the council at its meeting held on 18th May 2006 and reviewed in March 2015 and April 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. 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. The Clerk has been appointed as RFO for this council and these regulations will apply accordingly. 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 that accounting control systems are observed and 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.
- 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 1988 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 FORECAST

- 2.1 Broad estimates of receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a forecast to be considered by the Council.
- 2.2 The Council shall review the forecast prior to fixing the precept to be levied for the ensuing financial year.

3. EXPENDITURE

- 3.1 Expenditure on items may be incurred up to amounts covered by the forecast or with advance approval of the Council.
- 3.2 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, subject to a limit of £300. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.3 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 any requisite borrowing approval has been obtained and advance Council approval has been granted.

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.
- 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 shall submit them and report thereon to the Council.
- 4.3 The RFO shall complete the Accounts of the Council contained in the Annual Return 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 RFO shall ensure that there is an 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 the 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.
- 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 Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman of the Meeting. If more appropriate the detail may be 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.

6. PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by cheque or other instructions to the Council's Bankers or otherwise in accordance with a resolution of the Council
- 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 RFO shall examine invoices in relation to arithmetic accuracy and shall analyse 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 RFO certifies 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 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 on a regular basis.
- 6.6 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.
- 6.7 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.
- 6.8 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.
- 6.9 When internet banking arrangements are made with any bank, the Clerk (RFO) shall be appointed as Service Administrator. The bank mandate approved by the Council shall identify a number of Councillors who will be authorised to approve transactions on that

account. 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

- 6.10 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 email link. Remembered or saved passwords facilities must not be used on any computer used for Council banking work.
- 6.11 Changes to account details for suppliers, which are used for internet banking may only be changed on written hard notification by the supplier and supported by hard copy authority signed by the Clerk and a Parish Councillor

7. PAYMENT OF SALARIES

- 7.1 The Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of any salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and Council shall agree salaries.

8. INCOME

- 8.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 8.2 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 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.
- 9.2 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, if appropriate by obtaining three or more quotations or estimates from appropriate suppliers.
- 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, 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 that power being used.

10. ASSETS

- 10.1 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.

11. INSURANCE

- 11.1 Following the annual risk assessment [per Financial Regulation 12], the RFO shall affect all insurances and negotiate all claims on the Council's insurers.
- 11.2 The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby and annually review it.
- 11.3 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.
- 11.4 All appropriate employees of the Council shall be considered for inclusion in a suitable fidelity guarantee insurance, which shall cover the maximum risk exposure as determined by the Council.

12. RISK MANAGEMENT

- 12.1 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. The Council shall review risk policy statements and consequential risk management arrangements at least annually.
- 12.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

13. REVISION OF FINANCIAL REGULATIONS

- 13.1 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.

See notes overleaf

NOTES

1. The accounting records determined by the RFO shall be sufficient to show the Council's transactions and to enable the RFO to ensure that any income and expenditure account, statement of balances or record of receipts and payments and additional information to be provided or management information requested by the Council from time to time, as the case may be, comply with the Accounts and Audit regulations.

The accounting records determined by the RFO shall in particular contain

- a. entries from day to day of all sums of money received and expended by the Council and the matters to which the income and expenditure or receipts and payments account relate.
 - b. a record of the assets and liabilities of the Council, and
 - c. wherever relevant, a record of the Council's income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.
-
2. The accounting control systems determined by the RFO shall include:
 - a. procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible, procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records.
 - b. Identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions.
 - c. Measures to ensure that risk is properly managed.