

TOCKENHAM PARISH COUNCIL

FINANCIAL POLICY

Financial Regulations

Financial regulations govern the conduct of the financial transactions of the Council and may only be amended 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. Responsible Finance Officer

A Responsible Finance Officer (RFO) has to be appointed by the Council to manage the Council's financial affairs in accordance with Proper Practices. This is a statutory office which can be taken on by the Clerk of the Council.

2. Estimates and Precept

The RFO will compile estimates of income and expenditure annually for the Council's consideration. The Council will review the budget not later than the end of November each year in preparation for the annual precept to be set and submitted to the Collection Authority in January. During the year the budget will be regularly reviewed against actual expenditure and income. Amendments to the budget will be discussed in Council and any changes minuted.

3. Income and Expenditure

The RFO will supply regular updates of income and expenditure throughout the year and detail actual figures against the budget estimates. Significant underspends or overspends will be brought to the attention of the Council and action taken to address any discrepancies, as necessary. Underspent revenue will be identified and can be transferred to reserves by a Council resolution.

4. Accounting and Audit

The RFO will determine all accounting procedures and financial records of the Council in accordance with the Accounts and Audit Regulations.

The RFO will complete the annual financial statements of the Council including the annual return as soon as practicable after the end of the financial year and will submit an annual report to the Council in a timely manner. The Council will review the annual report each year and ensure that there is an adequate, effective system of internal audit of the Council's accounting, financial and other procedures in line with Proper Practice.

The Council will appoint an Internal Auditor to carry out the work required to ensure compliance with Proper Practice each year. The person appointed will be competent and independent of the operation of the Council.

The RFO will also submit the financial statements and annual return to an External Auditor to carry out the work required to ensure compliance with Proper Practice each year by the due date agreed by the Council.

The Council will consider any changes recommended by the internal and external auditors and implement them as necessary.

5. Banking arrangements and authorisation of payments

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.

For each meeting 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 resolution of the Council. The approved schedule shall be ruled off and initialled by the chairman of the meeting. A detailed list of all payments shall be disclosed within the minutes of the meeting at which the payment was authorised. Personal payments (wages etc) may be summarised to remove public access to personal information.

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. The RFO shall examine invoices for arithmetical accuracies. The RFO shall take all steps to submit all invoices which are in order for approval at the next available meeting of the Council.

The 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 payment penalty before the next meeting and where a majority of councillors have agreed to this payment via email. This will then be reported to the next meeting; or
- b) a previously agreed expenditure which arises on a regular basis. The RFO will then ask the two signatories to submit and authorise the payment.

6. Instructions for the making of payments

The Council will make safe and efficient arrangements for the making of its payments. Following authorisation under the above regulation the RFO shall give instruction to the two signatories that payment should be made.

All payments shall be affected by instruction to the Council's bank (or by cheque if internet banking is not available) in accordance with a resolution of the Council.

All payments shall be authorised and signed off by two councillors in accordance with a resolution instructing that payment. A councillor who is a bank signatory, having connection by virtue of family or business relationship with the beneficiary of a payment, should not, under normal circumstances be a signatory to the payment in question. In this instance the payment may need to be made by cheque.

The Council will decide at each meeting how an invoice must be paid. Either by Bacs or internet banking or when that is not possible, by cheque. Evidence of which payment method was used and which signatories signed them off must be retained.

When setting up and authorising payments via Bacs or internet banking; the Councillors will check the account details and amount against the invoice and schedule of payments created by the RFO.

Where internet banking arrangements are made with any bank, the 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 submit and approve transactions on those accounts.

Access to any bank 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 password 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.

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 both the RFO and another councillor.

A programme of regular checks of standing data with suppliers will be followed. At this point the Council does not need either a debit or credit card and so shall not have either. If this changes then new regulations will need to be added.

The Council will nominate and authorize by Resolution at least three members with the delegated authority to sign cheques on behalf of the Council. The cheque stub should also be initialled by the persons signing the cheque. Cheques completed for transactions will be signed by two authorised Councillors.

7. Loans and Investments

Any application for Government approval to borrow money and subsequent arrangements for a loan must be authorised by the Council and recorded in the minutes. All borrowing shall be in the name of the Parish Council, after obtaining any necessary approval.

Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as hire purchase, leasing of tangible assets or loans to be repaid within the financial year) must be authorised by the Council, following a written report on the value for money of the proposed transaction.

All loans and investments will be negotiated in the name of the Council and will be set for a period approved by the Council.

All certificates and other documents relating to loans and investments will be retained in an agreed, secure place by the RFO.

All borrowings will be in the name of the Council and will not be entered into until necessary approvals have been given. Any loan application must be approved by Council, especially the purpose, terms and conditions of the loan. All borrowing must be reviewed by the Council on an annual basis.

8. Contracts and Purchase Orders

An official order or letter will be issued for all work or service paid for by the Council. All Councillors and officers are responsible for obtaining good value for money at all times. An officer placing an order on behalf of the Council will ensure that good value and appropriate terms are obtained for the transaction.

Orders for values £500 to £2000 require a minimum of two quotations (unless agreed otherwise and formally minuted) and for values above £2000, three quotations are required. Contracts exceeding £50,000 require additional safeguards and will follow Proper Practice.

All quotations for work will be examined by the Council and the work awarded on the basis of value for money, and the reasons for accepting the quotation will be recorded. The Council is not obliged to accept the lowest quotation if it does not represent value for money, but the reasons for not accepting the lowest quotation will be recorded.

9. Assets

The RFO will ensure that an appropriate and accurate Register of Assets is maintained by the Council. It will be reviewed at least annually, in conjunction with a health and safety inspection of assets, as appropriate.

10. VAT

The RFO will promptly complete any VAT Return that is required. Any repayment claim due in accordance with the VAT Act 1974 section 33 will be made at least annually.

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