

Ditcheat Parish Council – Financial Regulations

General

1. These financial regulations govern the conduct of financial management by the Council. They may only be amended or varied by resolution of the Council.
2. The Council shall exercise utmost propriety in respect of its funds and property, and shall observe all necessary financial provisions of the Local Government Acts, other legislation and associated Regulations, guidance and auditors' instructions and advice.
3. The Council shall ensure 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 demonstrate how the council meets these responsibilities.
4. Unless otherwise provided by express resolution of the Council, the Clerk to the Council shall be the responsible financial officer as required by section 151 of the Local Government Act 1972.

Budget

5. The Clerk shall, before the end of January each year (or prior to the meeting at which the Council needs to fix the precept for the following year, if that is earlier), propose to the Council a budget for the following financial year, including a proposal for the precept necessary to finance the expected expenditure. The Council shall adopt the budget, amended in any way it so determines, in sufficient time to request the necessary precept from the District Council.
6. The Clerk shall report to each regular meeting of the Council on the receipts and payments for the financial year to date, showing in particular the comparison with the budget. The Council may revise the budget at any time during the year in the light of developments.

Annual accounts and audit

7. The Council shall appoint an Internal Auditor to 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 a regular basis (with a minimum of one annual written report in respect of each financial year). The Council shall not appoint a person to be Internal Auditor unless they are free from any conflicts of interest and have no involvement in the financial decision making, management or control of the council.
8. As soon as possible after 1 April each year, the Clerk shall prepare the statutory annual returns and a summary of the expenditure for the financial year just completed, and present them to the Council's Internal Auditor prior to presentation to Annual Meeting of the Council (to be held in accordance with the Council's Standing Orders and Local Government Act).
9. 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 Ditcheat Parish Council - Financial Regulations 1 statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.
10. 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.

Record keeping

11. The Clerk shall maintain records of all receipts and payments and maintain a register of the Council's assets.

Bank Account

12. The Council shall maintain a bank account with the NatWest Bank (Castle Cary Branch), or such other bank as may be determined by resolution of the Council.
13. Unless the Council specifically decides otherwise, each member of the Council shall be an authorised signatory on the Council's bank account. The Chairman shall propose the necessary resolution as and when necessary whenever membership of the Council changes. The mandate with the Bank shall require that all cheques shall be signed by two authorised signatories.
14. The Clerk shall not normally be an authorised signatory, but will be the recipient of bank statements and other financial correspondence, and shall be authorised to be the normal point of contact with the bank, with authority to communicate with the Bank.

Payments and Receipts

15. Except as provided for in regulation 16, no payment may be made by the Council without specific resolution of the Council. The resolution shall state the legal power under which the expenditure is incurred.
16. If a payment is:
 - either, 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,
 - or, a stage payment under a contract already agreed by resolution of the Council,

where the Clerk certifies that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding regulation 15) take all steps necessary to settle such invoices provided that details of any such payment are submitted to the next appropriate meeting of Council.

17. No payment may be made under either regulation 15 or 16 unless the expenditure is evidenced by an invoice or similar document, which has been examined and verified by the Clerk. The authorised signatories signing a cheque in respect of a specific item of expenditure shall also initial the cheque stub and invoice.
18. 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.
19. At each regular meeting of the Council the Clerk shall:
 - report the cheques written since the last meeting of the Council (in the case of expenditure previously authorised by the Council, or payments made under regulation 16), and any sums received;
 - place on the agenda any resolution necessary for the Council to approve new expenditure;
 - report on the current state of the Council's balance, and report on likely variances between the Council's budget for the year and the expected outturn.

Payment of Salaries

20. The Council shall fulfil all necessary requirements in respect of the payment of any salaries and associated disbursements relating to any employees.

Loans and Investments

21. In the event of the Council entering into any loans or investments, the Council shall have regard to the relevant provisions of the model Financial Regulations published by the National Association of Local Councils (as set out in Annex A to these Regulations).

Income

22. The Clerk shall take any steps necessary to ensure the collection of any sums due to the Council, and shall promptly pay all receipts into the Council's bank account.
23. Any fees set by the Council shall be reviewed by it at least annually.
24. 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 as closely as practical with the financial year end.

Orders for Works, Goods and Services

25. Prior to purchasing any work, goods or services, the Council shall take such steps as it considers appropriate in the circumstances to obtain best value for money.
26. In the event of the Council contemplating a single item of expenditure exceeding £2,000, the Council shall endeavour to obtain at least three estimates/tenders prior to taking a decision. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

Risk Management

27. The Clerk shall establish and maintain a register of all significant risks faced by the Council. The register shall detail the means for minimising the likelihood of such risks occurring and for mitigating the effects of any occurrence. The register shall be reviewed regularly by the Council.
28. Prior to the Council approving any new activity or major purchase, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council, and inclusion in the risk register.

Insurance

29. The Council shall affect all necessary insurances, having regard to the risk register referred to in regulation 27.

Revision of Financial Regulations

30. The Council shall review these Financial Regulations 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 consequential amendments to these Financial Regulations.

Interpretation

31. In these Financial Regulations:
 - "Accounts and Audit Regulations" means the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.
 - "District Council" means the Mendip District Council;
 - "regular meeting of the Council" means a routine, planned meeting of the Council, (i.e. a meeting which is not an extraordinary meeting within the meaning of Paragraph 9 of Schedule 12 to the Local Government Act 1972);
 - "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;
 - "the Council" means Ditcheat Parish Council.

Adoption by resolution of the Council at its meeting on 31st May 2012.

Annex A (Regulation 21).

Loans and investments

- I. Any loan or investment shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- II. 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.
- III. All investments of money under the control of the Council shall be in the name of the Council.
- IV. All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Council as to terms and purpose. The terms and conditions of borrowings shall be reviewed at least annually.
- V. All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk.