



TOTLAND PARISH COUNCIL

FINANCIAL REGULATIONS

2005

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FINANCIAL REGULATIONS

TO BE READ IN CONJUNCTION WITH STANDING ORDERS APPROVED AND ADOPTED BY THE COUNCIL APRIL 2015 INDEX

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FINANCIAL REGULATIONS

1. GENERAL

- 1.1** These financial regulations shall govern the conduct of the financial transactions of the Council and may only be ended or varied by resolution of the Council.
- 1.2** The Responsible Financial Officer (R.F.O) shall be the Clerk to the Council. *Revised April 2010*
- 1.3** All accounting procedures and financial records of the Council shall be determined by the Responsible Financial Officer as required by the Accounts and Audit Regulations 1996.
- 1.4** The Responsible Financial Officer shall be responsible for completing the annual accounts of the Council and shall supply each member of the Council at the ordinary meeting next after the end of the Financial Year, a statement of income and expenditure which must be duly audited as required by statute.
- 1.5** After consideration the Council will, by resolution, accept the accounts and they will be duly signed by the Chairman and the Responsible Financial Officer.
- 1.6** The Responsible Financial Officer shall be responsible for maintaining an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with regulation 5 of the Accounts and Audit Regulations 1996.

2. BANKING ARRANGEMENTS

- 2.1** The Council's banking arrangements shall be made by the Responsible Financial Officer and approved by the Council. A current Account shall be maintained together with a Deposit Account, a Contingency Fund Account and a Staff Retirement Account. Any other accounts as are considered necessary shall be opened with the approval of the Council.
- 2.2** A schedule of payments to be made shall be prepared by the Responsible Financial Officer, and together with the relevant invoices shall be presented for approval by the Council. Personal payments (including salaries, wages and expenses) may be summarised to remove public access to any personal information.
- 2.3** Cheques drawn on the bank account shall be signed by the Clerk/RFO together with two Councillor's signatures. The signatories shall each

also initial the cheque counterfoil and the invoices.

Where it is necessary to make a payment before it has been authorised by the Council, such a payment shall be certified as to its correctness and urgency by the appropriate officer. Unless it has been otherwise authorised by the Council, payment shall be authorised by the committee, if any, having charge of the business to which it relates or by the Chairman or Vice-Chairman of the Council.

- 2.4** All cheques for payment will be signed by the RFO and two Councillors. (in the absence of the responsible financial officer, three Councillors may sign)
If thought appropriate by the council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for each payment are reported to council as made. The approval of the use of BACS or CHAPS shall be renewed by resolution of the council at least every four years.
- 2.5** Apart from petty cash payments all payments shall be by cheque, direct debit, bank transfer, debit card or other order drawn on the council's bankers.
- 2.6** The RFO shall hold a float for petty cash purposes to a limit of £50.00. Vouchers for payments made by petty cash shall be kept to substantiate payments.
- 2.7** Income received must not be paid into the petty cash float but must be separately banked.

3 PAYMENT OF SALARIES

- 3.1** Payment of Salaries shall be made by the Responsible Financial Officer in accordance with payroll procedures and paid by Bank Transfer monthly on 25th of the month.
- 3.2** The Clerk/RFO will be responsible for the calculation of wages and salaries and the payment thereof. Payment will be by Bank Transfer wherever possible.
- 3.3** The Clerk/RFO will ensure that all relevant taxes are deducted as appropriate and payment for same made to the relevant authorities on a timely basis.

4. ORDERS AND CONTRACTS FOR WORK, GOODS AND SERVICES

- 4.1** The principles of best value will be embraced at all times when negotiating for any work, goods or services, where possible with Island based contractors. Every contract shall comply with these financial regulations and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items below:
1. Supply of gas, electricity, water, sewerage and telephone

services.

2. Specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.
3. For work to be executed or goods or materials to be supplied which consists of repairs to or parts for existing machinery or equipment or plant.
4. For work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the council.
5. For additional audit work of the external auditor up to an estimated value of £500.00. In excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of Council.
6. For goods or materials proposed to be purchased which are only sold at a fixed price.

4.2 The Clerk, following consultation with the Chairman or appropriate Committee Chairman is empowered to purchase goods or services, or undertake emergency small works to the value of £1000.00.

4.3 Where it is intended to enter into a Contract exceeding £1,000 but not exceeding £3,000 in value for the supply of goods or materials or the execution of works, the Clerk shall give at least three weeks public notice of such intention in the same manner as public notice of meetings of the Council is given.

4.4 Where the value of the intended Contract exceeds £3,000 similar notice shall be given in addition to all firms included in the appropriate standing approved list of contractors maintained by the County Council, or if no such list is maintained then the Parish Council Website and Notice Boards will be used.

4.5 The notice shall state the general nature of the intended contract and shall in addition state the name and address of the person to whom tenders are to be addressed and the last date by which those tenders should reach that person in the ordinary course of post.

4.6 If no tenders are received or if all the tenders are identical, the Council may make such arrangements for procuring the goods or materials or executing the works as it thinks fit.

4.7 Where the council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 ("the Regulations") which is valued at £25,000 or more, the council shall comply with the relevant requirements of the Regulations².

The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which

exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time)³.

²The Regulations require councils to use the Contracts Finder website to advertise contract opportunities, set out the procedures to be followed in awarding new contracts and to publicise the award of new contracts

³ Thresholds currently applicable are:

a. For public supply and public service contracts 209,000 Euros (£164,176)

- 4.8** 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.
- 4.9** Such invitation to tender shall state the general nature of the intended contract 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.
- 4.10** 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 council. It is acceptable to receive tenders by email addressed to the Clerk.

5 ANNUAL ESTIMATES

- 5.1** Any committee or member desiring to incur expenditure to be defrayed out of rates shall, not later than 31 December give to the Responsible Financial Officer a written estimate of the expenditure recommended for the coming year.
- 5.2** Detailed estimates of income and expenditure shall be prepared each year by the Responsible Financial Officer.
- 5.3** The Finance Sub Committee shall review the estimates in January of each year and will submit to the Council at the next meeting following and shall recommend the precept to be levied for the ensuing financial year. The Responsible Financial Officer shall supply each member with a copy of the approved estimates.
- 5.4** The annual budget shall form the basis of financial control for the ensuing year.

6 PARISH GRANTS

- 6.1** Grants will form part of the September and March Council meeting and will be decided with either a Yes or No.
- 6.2** Priority will be given to requests for grants from, and be granted firstly, to Totland Parish residents and charities, then secondly to Island charities for the benefit of Totland residents. All other request

to be declined.

- 6.3** That applicants for Grants in excess of £200.00, must provide Accounts or other relevant financial information as part of the application. If these are not available immediately, then the Grant may be agreed, subject to providing their accounts or other relevant financial information, before the Grant is paid.
- 6.4** Grants will only be granted within the budget available.

7 LOANS AND INVESTMENTS

- 7.1** All loans and investments shall be negotiated by the Clerk/RFO in the name of the Council and shall be for a set period in accordance with Council policy. Changes must be reported to the Council at the earliest opportunity.
- 7.2** All investments of money under the control of the Council shall be in the name of the Council.
- 7.3** All borrowings and application for borrowing approval shall be approved and be effected in the name of the Council. The terms and conditions of borrowings shall be reviewed at least annually.
- 7.4** All investment certificates and other documents relating thereto shall be retained in the custody of the Clerk/RFO.

8. INSURANCE

- 8.1** The Clerk/RFO will effect all insurance matters and negotiate all claims on the Parish Councils insurers.
- 8.2** The Clerk/RFO will ensure the Councils property; effects and risks are covered by policy, and annually review the situation.
- 8.3** The Clerk/RFO will advise the Council at the earliest opportunity in the event of any known loss liability or other situation, which may lead to a claim.
- 8.4** The Clerk / RFO will be included in a suitable fidelity guarantee.

9. RISK ASSESSMENT

- 9.1** The Clerk/RFO will produce a Risk Assessment document each year.
- 9.2** The Risk Assessment must be formally approved to stand alongside the full year budget.
- 9.3** The Clerk/RFO will highlight at the earliest opportunity where there are indications that a risk referred to within the Assessment is becoming active. The Council will at that time discuss the actions

required to remedy the risk identified.

10. BUDGETARY CONTROL

- 10.1** Expenditure should always be in accordance with the annual estimated budget and precept levied.
- 10.2** The Clerk/RFO will advise the Council of any planned expenditure that will exceed the budget. Should they still wish to proceed with the expenditure, the Council must indicate from where such overspend should be funded.
- 10.3** Committees may be set up by the Council to deal with specific matters and cost categories within the budget. These committees will report their recommendations to the full Council.
- 10.4** All items of expenditure exceeding £500 incurred on behalf of the Council must be approved by specific resolution of the Council unless approved by the Council within the budget set for that financial year.
- 10.5** The Clerk/RFO will provide details of all payments to each monthly meeting of the Council. The Chairman will sign copies of these documents as confirmation. The documentation will be retained by the RFO for audit purposes.
- 10.6** All Councillors shall have the right to question the RFO as to the content of any financial figures provided.
- 10.7** The Clerk can vire amounts up to £500 in the budget without referring back to the Council but will report back any virements at the next meeting of the Council.

11. ACCOUNTING AND AUDIT

- 11.1** All accounting procedures and financial records of the Council shall be determined by the Clerk/RFO as required with the Accounts and Audit Regulations 2003 or other statutory instrument which may supersede those regulations.
- 11.2** The Clerk/RFO will be responsible for ensuring the annual accounts of the Parish Council are completed as soon as practicable after the end of the financial year and will submit a copy to each member. The Clerk/RFO will also report thereon to the meeting of the Parish Council.
- 11.3** The Council will employ a competent internal auditor, with sufficient status and independence, to undertake the role in accordance with regulation 6 of the Accounts and Audit Regulations 2003 and any subsequent regulations.
- 11.4** The Annual Statement of Accounts, required for external audit, must be prepared by the Clerk/RFO for formal approval by the Council before the end of June. This document must be confirmed by the

internal auditor, prior to dispatch to the Audit Commission.

11.5 The Council shall consider and act on any items appearing in the internal audit report relating to the Annual accounts or procedures.

11.6 The internal auditor will also undertake a system and procedural audit.

12. MANAGEMENT INFORMATION

12.1 The Clerk/RFO will provide a written report to each Councillor at each monthly meeting. The report will show details of the previous month's expenditure and income.

12.2 The Clerk/RFO will supply quarterly expenditure against budget figures to the Council.

13 DATA PROTECTION ACT

The Clerk will ensure all aspects of the Data Protection Act are adhered to.

14 REVIEW OF REGULATIONS

14.1 These financial regulations shall be reviewed at least once in every four year period and more often as appropriate.

14.2 The next review shall take place no later than April 2028.