

## GENERAL

1. These financial regulations govern the conduct of financial management by Burrowbridge Parish Council, were approved at the September 2015 meeting, and may only be amended or varied by resolution of the council. They shall be reviewed annually to ensure they comply with current legislation.
2. The council is responsible in law for ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions, including arrangements for the management of risk.
3. At least once a year, prior to approving the Annual Governance Statement, the council must review the effectiveness of its system of internal control which shall be in accordance with proper practices.
4. The Responsible Financial Officer (RFO) holds a statutory office to be appointed by the council. The Clerk has been appointed as the RFO for this council and these regulations will apply accordingly.
5. The Clerk's general responsibilities, under the policy direction of the council, are to:
  - a. administer the council's financial affairs in accordance with the audit Commission Act 1998, Section 27 and Accounts and Audit ( England) Regulations 2011/817;
  - b. determine on behalf of the council its accounting records and accounting control systems;
  - c. maintain accurate and up-to-date accounting records of the council;
  - d. produce financial management information as required by the council;
  - e. maintain a record of the assets and liabilities of the council;
  - f. record all sums of money received and expended by the council and the matters to which they relate;
  - g. publish relevant data on the Parish Council website (see 8);
  - h. ensure procedures are in place to detect and prevent fraud;
  - i. make arrangements for the public to inspect the accounts.

6. The council's general responsibilities are to:
  - a. Set the final budget or the precept (council tax requirement);
  - b. Approve all items of expenditure;
  - c. Approve the Annual Governance Statement;
  - d. Approve any borrowing or investment;
  - e. Write off bad debts;
  - f. Declare eligibility for the General Power of Competence;
  - g. Approve accounting statements;
  - h. Review the salary of any employee and having regard to recommendations about pay rates by the relevant body;
  - i. Address recommendations in any report from the auditors;
  - j. Determine and keep under regular review the bank mandate for all council bank accounts.

#### **ACCOUNTING & AUDIT**

7. At least once in each quarter, and at each financial year end, a member other than the Chairman shall be appointed to verify bank reconciliations produced by the Clerk. The member shall sign the reconciliations and the original bank statements (or similar document) as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the council.
8. By the 1<sup>st</sup> of July in the year immediately following the accounting year to which it relates the Clerk shall publish on the Council's website the following information:
  - a. All items of expenditure detailing the date of purchase, the purpose of the expenditure, and any non-recoverable VAT;
  - b. The approved end of year accounts (according to the format included in the Annual Return form) accompanied by a copy of the bank reconciliation and an explanation of a variance of more or less than 15% between the budget and expenditure;
  - c. The Annual Governance Statement (according to the format included in the Annual Return form), with an explanation of any negative responses;

- d. The Annual internal audit report (according to the format included in the Annual Return form), with an explanation of any negative responses;
  - e. The details of public land and building assets: their purpose, location, size, use, and date and cost of acquisition (if known).
9. The council shall ensure that there is an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with proper practices. Any member of the council shall make available such documents and records as appear to the council to be necessary for the purpose of the audit.
10. The internal auditor shall be appointed by and shall carry out the work in relation to internal controls required by the council in accordance with proper practices.
11. The internal auditor shall:
- a. be competent and independent of the financial operations of the council;
  - b. report annually to the council in writing.
  - c. in order to demonstrate competence, objectivity and independence, be free from any actual or perceived conflicts of interest, including those arising from family relationships; and
  - c. have no involvement in the financial decision making, management or control of the council.
12. Auditors may not under any circumstances:
- a. perform any operational duties for the council;
  - b. initiate or approve accounting transactions; or
  - c. direct the activities of any council employee, except to the extent that such employees have been appropriately assigned to assist the internal auditor.
13. The Clerk shall, without undue delay, bring to the attention of the council any correspondence or report from the auditor.

## **THE BUDGET**

14. The Clerk shall, for the December meeting, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a provisional budget to be considered by the council.
15. The council shall consider these budget proposals and fix the precept for the ensuing financial year in early January in accordance with Taunton Deane's deadline. The Clerk shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
16. The approved annual budget shall form the basis of financial control for the ensuing year.

## **BUDGETARY CONTROL**

17. The Clerk shall provide updated accounts to each meeting of the Parish Council.
18. All expenditure shall be reviewed and authorised at each Parish Council meeting.
19. The Clerk shall, as soon as practicable, provide the Parish Council with the audited accounts for the previous financial year together with a statement of receipts and payments to date under each of the budget heads and shall draw attention to the actual income and expenditure against that planned budget. The Internal Auditors comments are also required at this meeting.

## **BANKING ARRANGEMENTS & AUTHORISATION OF PAYMENTS**

20. The Parish Council's banking arrangements, including the Bank Mandate, shall be made by the Parish Clerk and shall be approved by the Parish Council. These arrangements shall be reviewed during the first 12 months of each new Council.
21. All payments must be for items that have been previously approved by the Parish Council. Exceptionally, and in urgent circumstances, the Parish Clerk, with the agreement of the Chairman (or in his absence, the vice-Chairman), may incur expenditure up to £150 on behalf of the Parish Council. The Clerk shall report such action to the next meeting of the Parish Council.
22. The Clerk shall prepare a list of valid invoices requiring payment, which shall form part of the Agenda for the Meeting and, together with the relevant invoices, present the list to council. The council shall review the list for compliance and, having satisfied itself shall authorise payment by a resolution of the council. A detailed list

of all payments shall be disclosed within the minutes of the meeting at which payment was authorised. Personal payments (eg salaries, wages, expenses etc) may be summarised to remove public access to any personal information.

23. Payments shall be effected by cheque, except as detailed in 25 and 26.
24. Cheques drawn on the bank account shall be signed by any two of the Council's authorised signatories. They shall also initial the cheque counterfoil to indicate agreement to the details shown on the cheque and invoice.
24. Payments may be made by variable direct debit provided that the instructions are signed by two members and any payments are reported to the council as made. All direct debits shall be reviewed annually.
25. Payment for certain items may be made by internet banking transfer provided evidence is retained showing which members approved the payment.
26. Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.
27. 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.
28. The Parish Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash (for example for postage or minor stationery items) shall be refunded on a regular basis against receipts.

### **PAYMENT OF SALARIES**

31. As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE, National Insurance, and Pension 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 salary rates shall be as agreed by council.

### **LOANS AND INVESTMENTS**

32. Any loans and investments shall be negotiated in the name of and approved by the council and shall be for a set period.
33. The Clerk shall retain all relevant certificates and documents relating thereto.

## **INSURANCE**

34. Following the annual risk assessment, the Clerk shall put into effect all insurances and negotiate all claims on the council's insurers.
35. The Clerk shall keep a record of the insurance policies of the council and the property and risks covered thereby.
36. The Council shall review the insurance policy for best value annually.

## **CONTRACTS**

37. All contracts or purchases shall require more than one quotation, if practicable, and shall be procured on the basis of best value.
38. Contracts for on-going services shall be reviewed annually by the council.

## **RISK MANAGEMENT**

39. The Parish Council is responsible for putting in place arrangements for the management of risk and as such shall review its risk policies and any consequential arrangements from time to time, as necessary. The Parish Council shall prepare risk management statements in respect of the Council's activities.

## **EXTERNAL AUDIT**

40. From 2017, in accordance with the Transparency Code for Smaller Authorities set out in The Local Audit and Accountability Act 2014, the Council will be exempt from routine external audit. These Financial Regulations will meet the requirements of the Transparency Code.

