

WEMBDON PARISH COUNCIL

FINANCIAL REGULATIONS (INCLUDING PROCUREMENT PROCEDURES)

These Financial Regulations, including the Procurement Procedures, were adopted by the Council at its meeting held on 13th March 2023 and amended at its meeting on 10th July 2023.

1. GENERAL

1.1 These financial regulations govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.

1.2 For Wembdon Parish Council the Parish Clerk will also adopt the role of Responsible Financial Officer, who under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.

1.3 The Responsible Financial Officer shall be responsible for the production of financial management information.

1.4 The Council shall be responsible for ensuring that the financial management is adequate and effective, and that the Council has a system of internal controls which facilitates the effective exercise of its functions, and which manages risk.

1.5 The Council shall review at least once a year the effectiveness of its systems of internal controls and shall produce a statement on internal control with its statement of accounts.

1.6 The Council's overall objective is to secure and demonstrate best value for money.

1.7 The Council will attempt, where possible, to support local suppliers and organisations.

1.8 The Council shall not be obliged to accept the lowest or any tender, quote or estimate. Past performance may be considered in the selection of a supplier.

1.9 It will be acceptable to join with other Parish Councils or bona fide organisations to place joint orders so as to potentially benefit from economies of scale. in order to secure economy of scale.

1.10 Requirements for goods and services shall not be broken down into individual packages in order to deliberately avoid a more onerous tendering procedure. Conversely it will not always be cost effective to place a single order for a task made up of a number of aspects if capable and adequate project management arrangements are in place.

2. ANNUAL ESTIMATES

2.1 Detailed estimates of all receipts and payments for the year shall be prepared each year by the Responsible Financial Officer.

2.2 The Council shall review the estimates not later than the end of January each year and shall fix the budget and the precept to be levied for the ensuing financial year. The Responsible Financial Officer shall supply each councillor with a copy of the approved budget.

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2.3 The annual budget shall form the basis of financial control for the ensuing year.

3. BUDGETARY CONTROL

3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.

3.2 No expenditure may be incurred which will exceed the amount provided in the revenue budget. The Responsible Financial Officer may, with the approval of Council, vire between subheads.

3.3 The Responsible Financial Officer shall supply to each Councillor before each meeting a current statement summarising the Council's receipts and payments and the balances held. A financial statement prepared on the appropriate accounting basis (receipts and payments, or income and expenditure) for a year to 31 March shall be presented to each Councillor before the end of the following month of May. The Accounting Statements of the Council (which are subject to external audit), including the annual governance statement, shall be presented to the Council for formal approval before 30 June.

3.4 The Responsible Financial Officer (or Chairman in his/her absence) 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, whether or not there is any budgetary provision for the expenditure, subject to a limit of £1000. Expenditure which is of extreme emergency can be authorised up to £5000 with the written agreement of the Chairman and two other bank signatories. The Responsible Financial Officer shall report the action to the Council as soon as practicable thereafter.

3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year, unless it is decided that the unspent provisions should be earmarked for planned future expenditure. This would enable the Council to save up a sum of money for larger projects over a number of years.

3.6 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 the requisite borrowing approval has been obtained.

3.7 All capital works shall be administered in accordance with the Council's Standing Orders and Financial Regulations relating to contracts.

4. ACCOUNTING AND AUDIT

4.1 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 2003 and 2006, and any subsequent amendments thereto.

4.2 The Responsible Financial Officer shall be responsible for ensuring that there is 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 2003 and 2006, and any subsequent amendments thereto. Any officer or councillor of the Council shall, if the Responsible Financial Officer or Internal Auditor requires, make available such documents

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of the Council which appear to the Responsible Financial Officer or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the Responsible Financial Officer or Internal Auditor with such information and explanation as the Responsible Financial Officer or Internal Auditor considers necessary for that purpose.

4.3 The Council shall carry out a review of the effectiveness of internal audit on an annual basis in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto.

4.4 The Internal Auditor shall carry out the work required by the Responsible Financial Officer and the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the Council in writing on a regular basis with a minimum of one Annual Report in respect of each financial year.

4.5 The Responsible Financial Officer shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto.

4.6 The Responsible Financial Officer 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 PAYMENT OF INVOICES

5.1 The Council's banking arrangements shall be made by the Responsible Financial Officer and approved by the Council. They shall be regularly reviewed for efficiency.

5.2 The Council shall use a reputable Bank (currently Unity Trust Bank PLC) for its current account. It shall also use a reputable financial institution to deposit the Council's reserves (currently CCLA).

5.3 A list of statutory payments will be approved by the Parish Council. These payments will not then need to be approved again at a meeting. The list of statutory payments will be reviewed annually. All non-statutory payments shall be approved by all members of the Finance Team prior to payment, and noted at the next Parish Council meeting.

5.4 Payments will normally be made by BACS. The Responsible Financial Officer will provide all bank signatories with a copy of an invoice to be paid and then allow a period of 48 hours to elapse before the payment is set up on the on-line banking system. The bank signatories will then be notified that the payment is waiting for authorisation, and two signatories will authorise the payment.

5.5 The Council shall hold a corporate multipay card. The Parish Clerk will be authorised to make payments of the card subject to a single transaction limit of £1,000 and a total monthly limit of £3,000. All payments made on this card shall have previously been agreed at a Parish Council meeting, or made with the authority of all the members of the Finance Team.

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5.6 All Standing Order and Direct Debit mandates must be authorised by two bank signatories.

6. PAYMENT OF ACCOUNTS

6.1 All payments shall be made by BACS payment, cheque, corporate multipay card or other order drawn on the Council's bankers.

6.2 All invoices for payment shall be examined, verified and certified by the Responsible Financial Officer. The Responsible Financial Officer 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 Responsible Financial Officer shall examine invoices in relation to arithmetic accuracy and shall analyse them against the appropriate expenditure heading. The Responsible Financial Officer shall take all steps to settle all invoices submitted, and which are in order, and include the details on the agenda for 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 Responsible Financial Officer certifies that there is no dispute or other reason to delay payment, the Responsible Financial Officer may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments is submitted to the next appropriate meeting of the 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 Responsible Financial Officer (for example for postage or minor stationery items) shall be refunded on a regular basis, and at least quarterly.

7. PAYMENT OF SALARIES

7.1 Salary, PAYE and National Insurance payments will be calculated by a payroll provider, and paid in accordance with the documents supplied by this provider.

8. LOANS AND INVESTMENTS

8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.

8.2 The Council's Investment Policy, shall be in accordance with the Trustee Act 2000, and shall be reviewed on a regular basis (at least annually).

8.3 All investments of money under the control of the Council shall be in the name of the Council.

8.4 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 the Council as to the terms and conditions and purpose.

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8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the Responsible Financial Officer.

9. INCOME

9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Responsible Financial Officer.

9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the Responsible Financial Officer and the Responsible Financial Officer shall be responsible for the collection of all accounts due to the Council.

9.3 The Council will review all fees and charges annually, following a report of the Responsible Financial Officer.

9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

9.5 All sums received on behalf of the Council shall be banked intact as directed by the Responsible Financial Officer. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as he/she considers necessary.

9.6 The origin of each receipt shall be entered on the paying-in slip.

9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.

9.8 The Responsible Financial Officer 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.

9.9 Where any significant sums of cash are regularly received by the Council, the Responsible Financial Officer shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10. CONTRACTS

10.1. The Responsible Financial Officer 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. If the Parish Council does not, at any time, hold the General Power of Competence then the Responsible Financial Officer shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

10.2 All Councillors and Officers are responsible for obtaining value for money at all times. An officer making decisions on expenditure is to ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in Regulation 10(3) below.

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10.3 Procedures for contracts are laid down as follows:

- (a) Every contract shall comply with these financial regulations, and no exceptions shall be made other than in an emergency, provided that these regulations shall not apply to contracts which relate to items (i) to (vi) below:
- (i) for the supply of gas, electricity, water, sewerage and telephone services;
 - (ii) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.
 - (iii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant.
 - (iv) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council.
 - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (b) Where it is intended to enter into a contract exceeding £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a), the Clerk shall invite tenders from at least three firms.
- (c) 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.
- (d) Such invitation to tender shall state the general nature of the intended contract and the Responsible Financial Officer shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be emailed to both the Chairman and the Responsible Financial Officer.
- (e) If fewer than three tenders are received for contracts above £25,000 or if all the tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (f) When it is to enter into a contract less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services other than such goods, materials, works or specialist services as are excepted as set out in paragraph (a), the Responsible Financial Officer shall obtain three quotations (priced descriptions of the proposed supply); where the cost to the Council is below £1,000 and above £500 the Responsible Financial Officer shall, where appropriate obtain three estimates.
- (g) Where the value of a contract is likely to exceed £138,893 or other threshold specified by the Office of Government Commerce from time to time) the Council must consider whether the Public Contracts Regulations 2006 (SI No. 5, as amended) and the Utilities Contracts Regulations 2006 (SI No. 6, as amended) apply to the contract and, if either of those Regulations

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apply, the Council must comply with EU procurement rules insofar as such rules continue to apply following the withdrawal of the UK from the EU .

11. PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

Payments on account of the contract sum shall be made within the time specified in the contract by the Responsible Financial Officer upon authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage withholding as may be agreed in the particular contract).

12. RECURRING TASKS

At the beginning of the financial year the Council will seek quotations & tenders and hourly rates as appropriate for all types of work of which there is likely to be a recurring need during the year i.e. for a grass cutting contractor.

Having established a supplier for the year for any recurring works, and, if sufficient confidence exists that tasks will be done economically based on past performance it should not generally be necessary to seek a quotation for individual tasks arising with the chosen supplier. The Council reserve the option to award a contract for a longer time period. e.g. a 3-year contract for grass cutting.

13. PROPERTIES AND ESTATES

13.1 The Responsible Financial Officer shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Responsible Financial Officer shall ensure a record is maintained of all properties owned by the Council, recording the location, extent, plan, reference, purchase details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Regulation 4(3)(b) of the Accounts and Audit Regulations 1996 as amended.

13.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council, together with any other consents required by law, save where the estimated value of any one item of tangible movable property does not exceed £50.

14. INSURANCE

14.1 Following an annual risk assessment, the Responsible Financial Officer shall effect all insurances and negotiate all claims on the Council's insurers.

14.2 The Responsible Financial Officer shall give prompt notification to the insurers of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

14.3 The Responsible Financial Officer shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

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14.4 The Responsible Financial Officer shall be notified of any loss liability or damage or of any event likely to lead to a claim and shall report these to the Council at the next available meeting.

14.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Council.

16. RISK MANAGEMENT

16.1 The Responsible Financial Officer shall prepare and promote risk management policy statements in respect of all activities of the Council.

16.2 When considering any new activity, the Responsible Financial Officer shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

16.3 The Council shall carry out a Financial Risk Assessment on an annual basis in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto. The minutes shall record such review of the financial risks.

17. REVISION OF FINANCIAL REGULATIONS

17.1 It shall be the duty of the Council to review the Financial Regulations of the Council annually.

End of policy.