



---

# FINANCIAL REGULATIONS

---

STURMINSTER MARSHALL PARISH COUNCIL

Adopted July 2016

These Financial Regulations were adopted by the Council at its Meeting held on 14<sup>th</sup> July 2016.

## 1. GENERAL

---

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

1.2. The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council. The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly. The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the Council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the Council are maintained and kept up to date in accordance with proper practices.

1.3. The RFO shall produce financial management information as required by the Council.

1.4. At least once a year, prior to approving the annual return, the Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.

1.5. In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.

1.6. In these financial regulations the term 'proper practice' or 'proper practices' shall refer to the most recent version of the 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.

## 2. ANNUAL ESTIMATES (BUDGET)

---

2.1. Each Committee (if any) shall formulate and submit proposals to the Council in respect of revenue and capital including the use of reserves and sources of funding for the following financial year not later than the end of September each year.

2.2. Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the Council.

2.3. The Council shall review the budget not later than the end of December each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each Member with a copy of the approved budget.

2.4. The annual budgets 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 for that class of expenditure in the approved budget.

3.2. No expenditure may be incurred that will exceed the amount provided in the revenue budget as amended in accordance with this regulation for that class of expenditure. During the budget year and with the approval of Council having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.

3.3. The RFO shall provide the Council on a quarterly basis with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget.

3.4. Unspent provisions in the revenue budget shall not be carried forward to a subsequent year against the same budget head except by resolution of the Council.

3.5. 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.

3.6. 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 RFO in accordance with the Accounts and Audit Regulations.

4.2. On a regular basis, at least once in each quarter, and at each financial year end, a member shall be appointed to verify bank reconciliations (for all accounts) produced by the

RFO. The member shall sign the reconciliations as evidence of verification. This activity shall on conclusion be reported, including any exceptions, to and noted by the Council.

4.3. The RFO shall complete the annual financial statements of the Council, including the Council's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.

4.4. The RFO shall complete the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.

4.5. The RFO shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. Any Officer or Member of the Council shall, if the RFO or Internal Auditor requires, make available such documents of the Council which appear to the RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO or Internal Auditor with such information and explanation as the RFO or Internal Auditor considers necessary for that purpose.

4.6. The Internal Auditor shall be appointed by and shall 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. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the Council.

4.7. The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.

4.8. The RFO 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 CHEQUES

---

5.1. The Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.

5.2. In order to expedite the Council's business, payments may be made directly where they are made under Council contracts and have been authorised by the Chairman or in his/her absence the vice-chairman or in his/her absence any other Member who is satisfied that internal checks and controls have been applied and always provided that details are included in the next Financial Report to the Council.

5.3. A schedule of any other payments required shall be prepared by the RFO and included in the regular Finance Report to the Council, the RFO's report confirming that internal controls have been applied. If the schedule is in order it shall be authorised by a resolution of the Council and payment made subsequently.

5.4. Cheques drawn on the bank account in accordance with paragraph 5.2, the schedule referred to in paragraph 5.3 or in accordance with paragraph 6.4, shall be signed by two Members of Council.

5.5. If thought appropriate by the Council, payment for certain items may be made by BACS, CHAPS or internet banking transfer methods provided that the acknowledgements of the payments are authorised by two authorised bank signatories by signing or are otherwise evidenced, such authorisations are retained, and any payments are reported to Council as made.

5.6. All Councillors authorised for online banking must at all times abide by the bank's instructions on security and confidentiality.

## 6. PAYMENT OF ACCOUNTS

---

6.1. All payments shall be effected by cheque or other order drawn on the Council's bankers.

6.2. All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved and shall keep records accordingly.

6.3. The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to settle all invoices submitted, and which are in order, not later than at the next available Council Meeting in accordance with regulations 5.2 and 5.3 above.

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 Clerk and RFO certify that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of 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 Clerk or RFO (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

6.6. By resolution the Council may decide to make payment for utility supplies (energy, telephone and water) and any other supplies determined as appropriate by the Council by variable Direct Debit provided that the instructions are signed by two Members and any payments are reported to Council in the next available Finance report. The approval of the

use of a variable Direct Debit shall be renewed by resolution of the Council at least every two years.

## 7. PAYMENT OF SALARIES

---

7.1. As an employer, the Council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance 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 salaries shall be as agreed by Council.

7.2. Payment of salaries and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, may be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts in accordance with regulation 5.2 above, provided that each payment is reported to the next available Council Meeting.

## 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 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.

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 Council as to terms and purpose. The terms and conditions of borrowings shall be reviewed at least annually.

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

## 9. INCOME

---

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

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 RFO and the RFO 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 Clerk.

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 RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO 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 RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made as soon as practical once such claims amount to £100 or more and if necessary to coincide with the financial year end.

9.9. Where any significant sums of cash are regularly received by the Council, the RFO 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. ORDERS FOR WORK, GOODS AND SERVICES

---

10.1. A letter or email or other appropriate instruction shall be issued for all work, goods and services unless a formal contract is to be prepared. Copies of all such orders shall be retained by the RFO.

10.2. All Members and Officers are responsible for obtaining value for money at all times. An Officer issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining competitive quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 below.

10.3. The RFO 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, the RFO 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.

## 11. CONTRACTS

---

### PROCURING GOODS, WORKS AND SERVICES

11.1. All Council goods works and services shall be procured using these procedures except under those circumstances detailed in Regulation 12.

11.2. In all procurements the over-riding intention is to secure value for money (VFM) for the Council, taking its various policies into account, and subject to VFM being equal to favour local businesses.

11.3. In these Regulations where financial sums are mentioned they are to be taken as before any VAT is applied.

11.4. All paper tenders are to be addressed to the Clerk. All email tenders shall be addressed to the Clerk's email address:

[sturminstermarshall@dorset-aptc.gov.uk](mailto:sturminstermarshall@dorset-aptc.gov.uk)

11.5. The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

11.6. Where the value of a contract is likely to exceed £172,514 (or other applicable European Community procurement threshold specified 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. If either of those Regulations applies, the Council must comply with EC procurement procedures.

#### Goods, Works or Services Estimated to Cost £60,000 or Greater

11.7. A public Notice of intention to place a contract must be placed in a local newspaper to appear 6 weeks before the planned despatch of the invitations to tenders. The Notice will describe the work or services required in broad terms and require organisations wishing to express an interest in tendering to provide 2 referees for whom the organisation has provided similar works or services within the last 2 years. The Notice shall be brought to the attention of appropriate contractors on the Council's approved list.

11.8. A specification of the goods, materials, services and the execution of works shall be drawn up.

11.9. Subject to satisfactory references being received from a minimum of 4 organisations willing to tender, all organisations expressing such willingness shall be invited to tender. Should there be less than 4 organisations willing to tender the matter should be reported to the Council for further action.

11.10. Invitations to tenderers shall include:

(a) the specification, the Council's standard terms and conditions and any other relevant matters concerning the Council's requirements including the timescale for the delivery of the good, works or services;

(b) notice of the deadline for the receipt of tenders;

(c) a specially marked and addressed envelope in which the tender is to be sealed and returned to the address thereon;

(d) a covering letter drawing the tenderer's attention to the Council's Standing Orders numbers 18 (d) and stating that the tender return envelope must bear no indication of the tenderer and that the cost of tendering is at the risk of the tenderer.



(e) Tenders received before the deadline shall remain sealed until they are opened together after the stated closing date and time by the Clerk or RFO in the presence of at least one Member of the Council. The Clerk or RFO shall record the tenders received noting the name of the tenderer and the price tendered for each tender received. The Clerk or RFO and the attending Councillor will each sign the book to verify the above records.

11.11. Tenders are then to be analysed and compared and a report to the Council prepared to include:

- (a) For each tender received, the pre-VAT price including any variable price elements; the extent to which the tenderer's proposals meet the specification and Council's requirements and timescale paying particular attention to any exceptions; whether the tenderer is registered for VAT; the references received for the tenderer;
- (b) A comparison of the tenderers in tabular form;
- (c) A note in relation to whether any VAT paid by the Council in respect of the contract is recoverable by the Council;
- (d) A note of those tenderers invited to tender but who did not do so, together with their reasons;
- (e) The RFO's verification of the lawful nature of the proposed purchase, and in the case of new or infrequent purchases, the statutory authority concerned.
- (f) Confirmation of adequate budgetary provision for the procurement or a commentary on the means of funding it; and
- (g) Where appropriate a recommendation as to the successful tenderer together with the reasons.

11.12. The Council shall decide which if any tenderer to appoint and whether to enter into a formal contract or issue an Order.

### [Goods, Works or Services Estimated to Cost Less than £60,000](#)

11.13. The procedures applying to procurement of goods, works and services estimated to cost more than £60,000 shall apply with the variations set out below.

11.14. Where practical a contractor used previously by the Council and having provided a satisfactory service shall be included in the quote/tender list together with a Sturminster Marshall based contractor (which may be the same contractor).

11.15. Tenderers will be contacted in advance of issuing the invitation to tender.

11.17. The number of willing quotes or tenderers selected shall depend on the estimated cost of the goods, works or services as follows:

- (a) Over £3,000 and up to £60,000: 3 willing quotes/tenderers.
- (b) Over £1,000 and up to £3,000: 3 willing quotes to be sought but 2 accepted. 2 quotes must be received. Email responses shall be permitted.

11.18. In particular when procuring goods, the internet together with local and national information should be used to source VFM suppliers of the goods etc required.

Records should be made of suppliers' offerings, noting any differences in quality/ material etc. A minimum of 3 potential suppliers should be sought and their offers included in the report to the Council.

## 12. EXCEPTIONS TO THE PROCUREMENT PROCEDURES

---

12.1. The procedures at Regulation 11 above shall not apply in the following circumstances:

(a) Emergencies or health and safety issues, where approval may be given by the Clerk for expenditure up to £500 and for greater sums by the Clerk in conjunction with Chairman or Vice Chairman or in their absence with any other Member of the Council, always provided that:

- The Council has sufficient funds; and
- The matter is reported fully to the next meeting of the Council for approval.

(b) The Clerk/RFO or Council members may purchase incidentals consumables postages and other small items for the general running of the day to day business of the Council provided that Financial Regulation 10.2 applies, the amount of expenditure does not exceed £100, and any such purchases are reported to the next available Council meeting as in Regulation 14.2.

(c) Utilities: always provided that where competition exists periodic value for money exercises are undertaken, reported to the Council and appropriate changes of supplier made to secure the best VFM practically available.

(d) Extensions to contracts that have been procured using the above tendering procedures provided that:

- The total cost does not exceed the relevant threshold in relation to the tendering procedure used; and
- The extension is reported to and approved by the Council, such report to set out the reasons for the extension and why it is not appropriate to re-tender.

(e) Repairs to existing equipment, machinery etc, where there is no competition, subject to Council approval.

(f) Purchase of a specific make or brand where there is no competition, always providing that the specific make or brand has been reported to and approved by the Council, the report to include the reasons why that make or brand should be purchased.

(g) Purchase of specialist or professional services where competition is not practical.

In all such cases the reasons for an intended procurement should be set out in a report to the Council and Council approval obtained before any contract is entered into except in an emergency.

(h) Where the internet is used. In such cases comparative costs for comparable goods or services should be evidenced, the number of comparisons being the same as the number of quotes required in Regulation 11 above.

12.2. When applications are made to waive financial regulations relating to contracts to enable a price to be negotiated without competition the reasons shall be set out in a report to the Council.

## 14. PAYMENTS ON ACCOUNT

---

14.1. Payments on account of the contract sum shall be made within the time specified in the contract by the RFO 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).

14.2. Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum:

(a) If urgent, the additional expenditure may be approved by the Chairman if within the limits of Regulation 11.19 and provided that the matter is reported to the next available meeting of the Council; or

(b) a report shall be submitted to the Council.

14.3. Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

## 15. ASSETS, PROPERTIES AND ESTATES

---

15.1. The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all properties owned or leased by the Council, recording the location, extent, plan, reference, purchase or lease details, nature of the interest, tenancies granted, rents payable and purpose for which held in accordance with Accounts and Audit Regulations.

15.2. 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. In this last case the Clerk in consultation with the Chairman may so dispose subject to the sale being reported in the next Finance report to the Council.

15.3. The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date.

## 16. INSURANCE

---

16.1. Following the annual risk assessment (per Financial Regulation 17), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

16.2. The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

16.3. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Council at the next available meeting.

16.4. 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.

## 17. RISK MANAGEMENT

---

17.1. The Council shall maintain a Risk Register setting out the risks facing the Council, their impact and probability, how they are to be managed, how frequently each risk is to be reviewed/ managed, and the last actions taken.

17.2. The Clerk in conjunction with at least two nominated Members shall review the Risk Register on a regular basis to ensure that appropriate actions have been taken. The Risk Register and corresponding risk management arrangements shall be reviewed by the Council at least annually.

17.3. When considering any new activity, the Clerk/RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## 18. REVISION OF FINANCIAL REGULATIONS

---

18.1. The Council will review the Financial Regulations of the Council annually. In addition the Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment to these financial regulations.