



KINGS LANGLEY PARISH COUNCIL

Financial Regulations

1. General

- 1.1 These regulations shall govern the conduct of all the council's financial activity, and shall be reviewed annually at the March meeting of the council.
- 1.2 The Responsible Financial Officer (RFO), under the policy direction of the council, shall be responsible for the proper administration of the council's financial affairs.
- 1.3 The RFO shall maintain the council's bank and deposit accounts.
- 1.4 For financial management purposes, the council's accounting is divided into revenue, i.e. the income and expenditure that occurs every year, and funds, which earmark resources for costs that are multi-annual, highly unpredictable or one-off.
- 1.5 The RFO shall be responsible for producing the financial management information.
- 1.6 The Clerk to the Council shall be the RFO, unless the council has appointed another employee to carry out the RFO's duties.

2. Budget Setting

- 2.1 Until the budget is set, the consideration of budgetary matters at council meetings shall take place in Part II proceedings, in case any expenditure involves procurement.
- 2.2 At the September, October and November meetings of the council, members shall be asked to raise items of income or expenditure for the following financial year.
- 2.3 The Chairman and Vice-Chairman of the Council, with the assistance of the RFO, shall ensure that the budget for the following financial year shall be first drafted in time for no later than the November meeting of the council.
- 2.4 The budget shall include:
 - a) If applicable, a summary of the main revenue changes.
 - b) Estimates for all of the council's revenue income and expenditure, including the council tax precept and fund transfers required.
 - c) Estimates for all of the income into and expenditure out of the council's funds, and estimates for the amounts of money this shall leave in the funds.
 - d) Analysis of the council's expenditure authorised and limited by Section 137 of the Local Government Act 1972.
- 2.5 Each estimate shall be calculated and subject to a conscious risk assessment.

- 2.6 The revenue budget shall ideally be balanced, balances shall be maintained in the range of 5-10-15% of revenue turnover as per the Local Government Act 2003, and the funds shall be adequately resourced.
- 2.7 The overall aim of the budget shall be to minimise the council tax precept required.
- 2.8 The budget shall be updated at the December and January meetings of the council.
- 2.9 At an extraordinary meeting of the council specifically for the purpose, on the third Tuesday in January, the council shall, in Part I proceedings, publically approve the budget for the following financial year.

3. Expenditure and Financial Control

- 3.1 The RFO has the delegated authority of the council to approve all revenue payments which are explicitly included in the revenue budget, and do not exceed the value of two thousand pounds (£2,000).
- 3.2 In consultation with the Chairman of the Council, and providing that an offset saving can be identified elsewhere in the revenue budget, the RFO may approve a revenue payment which overspends a revenue budget item by up to 10% of its allocation, and does not exceed the value of two thousand pounds (£2,000).
- 3.3 For the RFO to be able to approve a payment which would increase the outturn of a revenue budget item beyond the 10% limit, and does not exceed the value of two thousand pounds (£2,000), the council would have to make a virement, as per 10.2.
- 3.4 The RFO has the delegated authority of the council to approve all payments out of the council's funds which are explicitly included in the funds budget, relate to routine asset maintenance or to projects which have been authorised by the council, and do not exceed the value of two thousand pounds (£2,000).
- 3.5 All other payments must be approved by resolution at meetings of the council.
- 3.6 At monthly council meetings, the RFO shall provide a schedule of payments detailing all the payments made in the previous month, and sight of the council's most recent bank and deposit account statements.
- 3.7 On a quarterly basis, the RFO shall provide meetings of the council with a statement which details the income and expenditure for the financial year to date, (which will include the budget items affected by payments approved as per 3.2 above), and a statement which reconciles the council's accounts and banking.
- 3.8 The RFO is authorised to make payment for small items of expenditure from a petty cash account which may be reimbursed from time to time, but which shall not exceed one hundred and twenty-five pounds (£125) in total at any one time.
- 3.9 Cheques for approved payments shall be signed by the Chairman or Vice-Chairman of the Council, the Clerk, and one other member from an approved list

of signatories. (As per the Local Government Act 1972 Section 150 requirement that all orders for payment must be signed by at least two members.)

- 3.10 Orders for the Clerk to setup/edit/delete approved direct debits, or to make approved payments using the council's debit card, shall be signed as in 3.9 above.
- 3.11 Orders for the transfer of funds between the Council's bank accounts and investments shall be signed as in 3.9 above.

4. Income Administration

- 4.1 The RFO shall ensure that all bills are issued as the income becomes due, and that records are kept of all bills and receipts.
- 4.2 The RFO shall pursue overdue receipts, and report any bad debt to the council.

5. Payment Administration

- 5.1 The RFO shall arrange and maintain records for all employment payments such as payroll, tax, national insurance & pensions. The RFO will send the relevant details to the Inland Revenue & pensions administrator (Hertfordshire County Council).
- 5.2 The payment of bills shall only be approved when the council has been billed, and the RFO shall ensure that records are kept of all payments and payment receipts.
- 5.3 Where payments are due, but the council has not yet been billed, the RFO shall pursue the supplier to provide the bill as soon as possible.

6. Community Infrastructure Levy

- 6.1 By law, CIL receipts can only be spent on one-off infrastructural projects, and cannot be used to support any annual spending.
- 6.2 CIL transactions will be accounted as being paid into/from the Projects Fund.
- 6.3 The RFO shall keep a separate, additional record of CIL receipts & payments.
- 6.4 CIL transactions shall be reported annually, as part of the accounts presented at the Annual Parish Meeting in mid April (as per 10.5) & on the council's website.

7. Value for Money

- 7.1 The council and the RFO shall be mindful of the importance of achieving value for money for the precept-payer in all financial considerations and activities.

- 7.2 Whenever the budget or accounts are prepared or analysed, the council and the RFO may prioritise specific costs for an informal value for money review.
- 7.3 Where there is no alternative source for the cost under review, the RFO shall challenge the terms of the cost. For example, in 2010-11, the council saved approximately one thousand pounds per annum (£1,000 pa) from its business rate liability, by challenging the valuation floorspace.
- 7.4 Where the cost can be sourced alternatively, the RFO shall market test the cost and if necessary/where possible, trigger the procurement process. For example, in 2013-14, the council saved approximately fifteen hundred pounds per annum (£1,500 pa) from its operational insurance cost, by switching provider.

8. Procurement

- 8.1 When the council needs goods or services of value less than five thousand pounds per annum (£5,000pa), the RFO shall, depending on the circumstances, try to obtain and present to the council at least three quotes, or recommend that the council proceeds with the tender process outlined in 8.4 - 8.7 instead.
- 8.2 The council is not bound to accept the lowest or any quote, and is entitled to select a quote if it was the only one that could be obtained. If more than one quote is received, the council may develop and use a method for selecting the best quote.
- 8.3 When the council needs goods or services of value equal to or in excess of five thousand pounds per annum (£5,000pa), the following tender process shall be used.
- 8.4 The RFO shall commission the Borough Council to provide an invitation for tender ('ITT'), and advertise the ITT via the public sector ITTs agency, the 'OECD'.
- 8.5 The RFO shall advertise a summary of the ITT in the local newspapers that circulate in the Parish, giving the same deadline for tenders as the OECD ITT.
- 8.6 Tenders shall be opened by the RFO in the presence of the Chairman and Vice-Chairman of the Council on the deadline specified for tenders.
- 8.7 The Council is not bound to accept the lowest or any tender, and is entitled to select a tender if it was the only one received. If more than one tender is received, the council may develop and use a method for selecting the best tender.

9. Grants to Village Groups and Local Charity Efforts

- 9.1 The council is entitled by law to give grants to village groups and local charity efforts, providing the group or charity effort is connected with the Parish.
- 9.2 When a village group asks for financial assistance, the council may ask for:
- i) A summary of the group's accounts, including details on the funds held.

- ii) An estimate on how much funding the group might obtain from other sources.
 - iii) An indication of how much assistance is required.
- 9.3 When a local charity effort seeks financial assistance, the Council may ask for:
- i) Details on the effort, and how it relates to the Parish.
 - ii) Details on the typical and total amount of funding already received, and on how much funding the effort is aiming to raise.
 - iii) Details on the charity involved, so that members can gain an estimate of the charity's ability to raise funds in other ways/on a wider scale.
- 9.4 In addition to budgetary control, the availability of resources, and the restriction on Section 137 spending, the council shall take into account the details from 9.2 or 9.3, and if/how much funding has been given to the same group or charity in the recent past, before deciding whether to give a grant, and if so, how much.

10. Accounting and Audit

- 10.1 All accounting procedures and financial records of the council shall be determined by the RFO as required by relevant legislation and regulations.
- 10.2 At any point in the financial year, the Council, by explicit resolution, can make a virement, which transfers resource between two or more budget headings, i.e. effectively updates the budget. However, the total effect of a virement must be neutral, i.e. it cannot affect the precept or budget total.
- 10.3 The accounts shall be subjected to an additional light-touch, quasi pre-audit at six, ten and eleven months into the financial year.
- 10.4 At the March meeting of the council, the council shall review the efficacy of its financial controls and the contents of these regulations, and shall determine the transfers of resources from revenue to the council's various funds.
- 10.5 A preliminary, unaudited statement of receipts and expenditure shall be produced and presented as soon as possible after the end of the financial year, at the Annual Parish Meeting in mid April.
- 10.6 The RFO shall complete the accounts and arrange an internal audit for early May.
- 10.7 The RFO shall report the recommendations of the internal audit to the June meeting of the council, which shall consider the recommendations, authorise the Chairman of the Council to sign the accounts for external audit, and review the efficacy of the internal audit.
- 10.8 Within the 30th June deadline required by legislation/regulations, the RFO shall present the accounts to the external auditors appointed by the Audit Commission.

- 10.9 The RFO shall report the external audit recommendations to the next meeting of the council after they have been received. That meeting shall consider the recommendations and review the efficacy of the external audit.
- 10.10 The council shall review progress in complying with internal and external audit recommendations at its October meeting.

11. Assets

- 11.1 The RFO shall maintain an asset register, which details all the assets owned, rented or managed by the council, and shall be reviewed annually at the March meeting of the council.
- 11.2 In reviewing each asset, the council shall ensure that the asset is necessary, fit for purpose, properly maintained, valued as correctly as possible, providing the best value for money, and if necessary, insured.
- 11.3 As the council acquires each new asset, the RFO shall add it to the asset register.
- 11.4 Authorised by the council on an asset by asset basis, the RFO shall replace assets which need replacing, dispose of unnecessary assets at the best possible value, or take any other steps required to improve the council's asset holding.
- 11.5 The RFO shall ensure that the council's title deeds are safely stored.
- 11.6 The RFO shall ensure that the council's assets are monitored regularly, with the frequency determined by risk. For example, the Charter Court meeting hall shall be inspected after it has been hired by a new user, as well as routinely every month.
- 11.7 With six assets, the council shall carry out asset-specific activity as follows:
- a) Charter Court Meeting Hall
 - Every year, review the terms and rates for the rental of the hall.
 - b) Village Garden
 - On a case-by-case basis, permit the garden to be used for events.
 - On a case-by-case basis, permit small memorial trees/shrubs to be planted.
 - As the land is not consecrated, decline requests for interments.
 - c) Allotments
 - Every four years, set a new agreement on the terms and rates for the Kings Langley Allotments Association's rental of the allotments.
 - d) Park Benches
 - Accept donations towards new or existing park benches to be dedicated to former residents, providing there are appropriate locations.

- e) Noticeboards
 - On behalf of the Borough Council, (the owner of the noticeboards), operate a pre-authorisation process, which permits and enforces the display of non-commercial posters only.
- f) Christmas Lights
 - Every four to five years, review whether to continue leasing the lights, or to switch to selling old lights/buying new lights.

12. Risks & Insurance

- 12.1 The RFO shall maintain a risk register, which details all of the council's risks, and shall be reviewed annually at the March meeting of the council.
- 12.2 In reviewing the risk register:
 - a) The council shall add any risks that have come to light.
 - b) The council shall use the 'four Ts' of risk management to consider each risk:
 - Treat - take remedial action to reduce the risk.
 - Tolerate - note the risk has been minimised.
 - Terminate - stop the activity incurring the risk.
 - Tackle - remove the risk completely.
 - c) The RFO shall reconcile the council's insurance cover as much as possible.
- 12.3 The RFO shall effect all insurances, maintain the terms of the insurances as close as possible to what is required, and negotiate all claims on the council's insurers.
- 12.4 The council shall retain and maintain a self insurance fund to provide financial cover for items or activities where the excess of the council's insurance policy would considerably exceed the value of the item or activity concerned.