

# North Kent Marshes Internal Drainage Board

## Financial Regulations

Amended 23 August 2017

### **1 General**

- 1.1 These financial regulations shall govern the conduct of the financial transactions of the Board and may only be amended or varied by resolution of the Board.
- 1.2 The Clerk/Engineer will undertake the duties of the Responsible Financial Officer, under the policy direction of the Board, in collaboration with Medway Council's Business Support Department whom are providing accountancy support, and shall be responsible for the proper administration of the Board's financial affairs.
- 1.3 The Clerk shall be responsible for the production of financial management information.

### **2 Annual estimates**

- 2.1 The Clerk shall formulate and submit to the Board proposals in respect of revenue services and capital works for the forthcoming financial year at a meeting held prior to February of the preceding financial year.
- 2.2 Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the Clerk.
- 2.3 The Board shall review the estimates and agree the precept and agricultural rate to be levied for the ensuing financial year. The Clerk shall supply each member of the Board with a copy of the approved estimate.
- 2.4 The annual capital and revenue budget shall form the basis of financial control for the ensuing year.

### **3 Budgetary control**

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in each approved budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the revenue budget unless a virement has been approved.
- 3.3 The Clerk may incur expenditure on behalf of the Board 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. The Clerk shall report the action to the Board as soon as is practicable thereafter.

- 3.4 Where expenditure is incurred in accordance with regulation 3.3 above and the sum required cannot be met from savings made elsewhere within the Board's approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Board.
- 3.5 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the Board are satisfied that it is contained in the capital programme and that the necessary funds are available, or the requisite borrowing approval can be obtained.
- 3.6 All capital works shall be administered in accordance with the Board's financial regulations relating to contracts.

(a) Capital Expenditure

Capital expenditure shall not normally be incurred unless provision has been made within the capital budget, capital finance has been approved by the Board and, where necessary, loan sanctions and other relevant approvals involving capital. Where approval of the Board is sought to incur capital expenditure not already included in the capital budget the Clerk, in consultation with the Chairman shall report to the Board on the financial aspects of the scheme.

(b) Revenue Expenditure

The inclusion of items in approved revenue estimates will constitute authority to incur such expenditure save to the extent to which the Board shall have placed a reservation on any such items or items.

Revenue expenditure shall not normally be incurred unless provided for in annual estimates or by supplementary estimates examined and approved by the Board. Whenever it is proposed to seek the approval of the Board to incur revenue expenditure not already sanctioned by the Board, the Clerk in consultation with the Chairman shall report to the Board on the financial aspects of the proposal.

(c) Accounting records

The Clerk shall be responsible for the maintenance and supervision of all accounting records and will supply to the Board at appropriate intervals such information as is necessary to enable expenditure and income to be controlled.

(d) Income

The arrangements for the collection, recording and banking of all monies due to the Board should be made under the supervision of the Clerk.

(e) Insurances

- (i) The Clerk shall ensure all necessary cover and maintain suitable records.
- (ii) The Clerk shall promptly notify the Board of the extent and nature of all new risks to be insured and of any alteration affecting insurable risks that the Board may become liable for.

(f) Loans

The Board shall be responsible for raising all loans after receiving appropriate advice from the Clerk.

#### **4 Accounting and Audit**

4.1 All accounting procedures and financial records of the Board shall be determined by the Clerk as required by the Accounts and Audit Regulations 2011 and the "Governance and Accountability in Internal Drainage Boards in England". (A Practitioner's Guide 2006 revised November 2007 together with any subsequent revisions thereof).

4.2 The Clerk shall be responsible for completing the annual accounts of the Board as soon as practicable after the end of the financial year and shall submit them to the Board at a Board Meeting held before the Statutory Date in accordance with regulation the Accounts and Audit Regulations currently in force.

4.3 Internal Audit

- i. The accounting records will be internally audited by the Business Support Department at Medway Council whom will review all accounting and financial operations of the Board as instructed by the Clerk. The internal auditors shall at all reasonable times have access to the records of the Board and shall be entitled to such information and explanations as may be necessary.

Irregularities concerning cash, stores and other property of the Board or any suspected irregularity in the exercise of the functions of the Board shall be notified forthwith by the Clerk to the Chairman who shall take such steps as are necessary by way of investigation and report to the full Board.

- ii. Alternatively, the Board may appoint a body or person with the appropriate accountancy qualification to be responsible for maintaining an internal audit of the Board's accounting, financial and other operations. Any officer or member of the Board shall if required make available to the auditor those documents of the Board which appear to the auditor to be necessary for the purpose of the audit and shall supply the auditor with such information and explanation as the auditor considers necessary.
  - iii. Any internal audit report shall be made available to the members of the Board.
- 4.4 (i) The Board will appoint the External Auditors as advised by the National Audit Office or any successor or equivalent.
- (ii) Any officer or member of the Board shall if required to make available to the auditor those documents of the Board which appear to the auditor to be necessary for the purpose of the audit and shall supply the auditor with such information and explanations as the auditor considers necessary.
- (iii) The Annual External Audit report together with the audit certificate should be presented to the Board prior to 30 October.

## **5 Banking arrangements**

- 5.1 The Board's finance and accounting arrangements shall be provided by the Business Support Department at Medway Council. No changes to those arrangements shall be made without prior consent of the Board.
- 5.2 A schedule of all payment to suppliers in excess of £100 and of all transfers between accounts shall be prepared, checked and initialled by the RFO and provided together with the relevant invoices and supporting documents for amounts in excess of £5,000. This will be made available for inspection by Board members and a schedule of all payments and transfers will be made available at the following Board meeting.

## **6 Payment of accounts**

- 6.1 All payments shall be effected by BACS bank transfer.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. Before certifying an invoice that person shall be satisfied that the work, goods or services to which the invoice relates have been received (or carried out), examined and approved. The Clerk shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.

- 6.3 All approved invoices will be reported at the appropriate Board Meetings. Members may inspect invoices and supporting documentation by prior arrangement with the Clerk at the Board's offices, or request copies to be forwarded to them.

## **7 Income**

- 7.1 The collection of all sums due to the Board shall be the responsibility of the Clerk in collaboration with Medway's Council's Business Support Department.
- 7.3 Any approval to write-off amounts due shall be reported to the Board.
- 7.4 All sums received on behalf of the Board shall be recorded by Medway Council's Business Support Department under the supervision of the Clerk as Budget Manager.
- 7.5 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be recorded.

## **8 Orders for work, good and services**

- 8.1 An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate e.g. petty cash purchases. Copies of orders issued shall be maintained.
- 8.2 Order books shall be maintained by the Clerk.

## **9 Contracts**

- 9.1 All contracts for over £250 in value shall be in writing.
- 9.2 Where it is proposed to enter into a contract:
- (a) For expenditure up to £5,000 in value the Clerk shall have delegated power to contract.
  - (b) For expenditure between £5,000 and £20,000 in value, the Clerk shall invite quotations from at least two firms and seek the Chairman or Board's approval.
  - (c) For expenditure over £20,000 in value the Clerk shall invite tenders from at least three firms and seek the Board's approval.
  - (d) Where it is considered that there are valid reasons for departing from the procedures above, the Board's approval shall be obtained.

(e) Where the Chairman or Boards approval is required for any of the circumstances set out above, approval may be obtained by email on the basis of any proposals must be agreed by a majority of votes.

- 9.3. For the avoidance of doubt, in calculating the relevant expenditure limits the terms above, likely expenditure over a period of a recurring nature, shall be aggregated.
- 9.4. Any invitation to tender shall state the general nature of the intended contract and the Clerk shall prepare the technical specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk and the last date by which such tenders should be submitted.
- 9.5. A detailed register of all tenders received, indicating the total sums (where available), should be formerly recorded and be duly signed, by those officiating at the review of the tenders. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk or other properly authorised officer in the presence of the Chairman or Vice Chairman.
- 9.6. If fewer than two tenders are received for contracts value above £20,000 or if all the tenders are identical the Board may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- 9.7. The Board shall not be obliged to accept the lowest or any tender or quotation.
- 9.8. Where the value of the contract exceeds £5,000 and it is proposed to enter into a contract without obtaining two or more quotations or tenders, the reasons for such proposed acceptance shall be reported in writing to the Board and shall be recorded in the minutes.

## **10 Payments under contracts for construction works**

- 10.1. Payments on account of the contract sum shall be made within the time specified in the contract by the Clerk.
- 10.2. Where contracts provide for payments by instalments the Clerk shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the Board.
- 10.3. Any variation to a contract or addition to or omission from a contract must be approved by the Clerk in writing, the Board being informed where the final cost is likely to exceed the financial provision.

## **11 Insurance**

- 11.1 The Clerk will arrange all necessary cover and maintain suitable records.
- 11.2 The Clerk shall promptly notify the Board of the extent and nature of all new risks to be insured and of any alteration affecting insurable risks that the Board may become liable for.

## **12 Members Allowances**

- 12.1 All claims for payment of Members car allowances, subsistence allowances, travelling and any other incidental expense shall be submitted as required, duly certified, in a form approved by the Clerk to the Board.
- 12.2 The certification by the Clerk shall imply satisfaction that the journeys were authorised, the expenses properly and necessarily incurred and that the allowances are properly payable by the Board.
- 12.3 The Clerk will not certify a claim form made payable to him/her self but will be subject to approval from the Chairman/Vice Chairman.
- 12.4 Claim forms should be submitted no less than six months after the expenditure has been occurred.

## **13 Revision of Financial Regulations**

It shall be the duty of the Board to review the Financial Regulations of the Board from time to time and to make such recommendations as are considered necessary. At minimum a review should take place every five years.