

ELTON PARISH COUNCIL FINANCIAL REGULATIONS

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 Clerk has been appointed as RFO for the Council and these regulations will apply accordingly. The Clerk/RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The Clerk/RFO shall determine on behalf of the Council its accounting records and accounting control systems. The Clerk/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 practice.
- 1.3 The Clerk/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 or any superseding legislation, and then in force unless otherwise specified.
- 1.6 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in '*Governance and Accountability in Local Councils – a Practitioner's Guide (England)*' issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society of Local Council Clerks (SLCC).

2 ANNUAL ESTIMATES (BUDGET)

- 2.1 Any Committee of the Council 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 November 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 Clerk/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 January each year and shall fix the precept to be levied for the ensuing financial year. The Clerk/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 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 for that class of expenditure in the approved budget. This authority is to be determined by:
 - (a) the Clerk/RFO for items up to £100
 - (b) the Clerk/RFO in consultation with the Chairman of the Council or a member of the Finance Working Group, for any items between £101 and £500
 - (c) the Council for all items over £501.

- 3.2 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 (vired) or to an earmarked reserve, as appropriate.
- 3.3 The Clerk/RFO shall regularly provide the Council 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. These statements are to be prepared at least at the end of each financial quarter.
- 3.4 The Clerk 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 £200, in consultation with at least one member of the Council. The Clerk shall report the action to the Council as soon as practicable thereafter.
- 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 Clerk/RFO in accordance with the Accounts and Audit Regulations.
- 4.2 The Clerk/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.
- 4.3 The Clerk/RFO shall complete the accounts of the Council contained in the Annual Return and shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- 4.4 The Clerk/RFO shall ensure that there is an 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 Clerk/RFO or Internal Auditor requires, make available such documents of the Council which appear to them to be necessary for the purpose of the internal audit and shall supply the Clerk/RFO or Internal Auditor with such information and explanation as they consider necessary for that purpose.
- 4.5 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 the 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.
- 4.6 The Clerk/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 the Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- 4.7 The Clerk/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 nature.

5 BANKING ARRANGMENTS AND CHEQUES

- 5.1 The Council's banking arrangements, including the bank mandate, shall be made by the Clerk/RFO and approved by the Council. They shall be regularly reviewed for efficiency.

- 5.2 A schedule of the payments required, forming part of the agenda for the meeting, shall be prepared by the Clerk and, together with the relevant invoices, be presented to the Council. If the schedule is in order it shall be authorised by a resolution of the Council and the detail shall be shown in the Minutes of the meeting.
- 5.3 Cheques or orders for payment drawn on the bank account in accordance with the schedule referred to in paragraph 5.2, or in accordance with paragraph 6.4, shall be signed by two members of the Council.
- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

6 PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by cheque or other instructions to the Council's bankers, in accordance with a resolution of the Council.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall be satisfied that the work, goods or services to which the invoice relates has been received, carried out, examined and approved.
- 6.3 The Clerk/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, at 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 the Council, where the Clerk/RFO certifies that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding paragraph 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 the Council.
- 6.5 If thought appropriate by the Council, payment for certain items may be made by BACS or CHAPS methods provided that the instructions for payment are approved by the Council and are signed or otherwise evidenced by two authorised bank signatories. The approval of the use of BACS or CHAPS shall be renewed annually by resolution of the Council when setting the budget.
- 6.6 Where internet bank arrangements are made with any bank the Clerk/RFO shall be appointed as the service administrator. The bank mandate approved by the Council shall identify the Councillors who will be authorised to approve transactions on the Council's accounts.
- 6.7 Access to any internet banking accounts will be directly to the access page (which may be saved under "favourites") and not through a search engine or e-mail link. Remembered or saved password facilities must not be used on any computer used for council banking work.
- 6.8 Any debit/credit card issued for use will be specifically restricted to the Clerk/RFO and will also be restricted to a single transaction maximum value of £100 unless authorised by the Council in writing before any order is placed.
- 6.9 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/RFO (e.g. postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

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 the 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, provided that each payment is reported to and ratified by the next available Council meeting.

8 LOANS AND INVESTMENTS

- 8.1 All loans and investments shall be negotiated 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 terms and purpose and shall be for a set period in accordance with Council policy. The terms and conditions of borrowings shall be reviewed at least annually.
- 8.2 The Council shall consider the need for an Investment Strategy and 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 investment certificates and other documents relating thereto shall be retained in the custody of the Clerk/RFO.

9 INCOME

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervisions of the Clerk/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 and notified to the Clerk/RFO who 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 amounts outstanding to the Council shall be reported to the next appropriate meeting of the Council. Bad debts shall be reported to the Council who shall decide whether to pursue collection or write off the debt.
- 9.5 All sums received on behalf of the Council shall be banked intact with the Council's bankers with such frequency as the Clerk/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 Clerk/RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with the 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 Clerk/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 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. Copies of orders shall be retained.
- 10.2 Order books shall be controlled by the Clerk/RFO even when tasks are delegated to a Councillor.

10.3 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 three or more quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11(1) below.

10.4 The Clerk/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, shall ensure that the statutory authority is reported to the meeting at which the order is approved so that the Minutes can record the power being used.

11 CONTRACTS

11.1 Procedures as to contracts are laid down as follows:

- (1) Every contract shall comply with these financial regulations and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts relating 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;
 - (v) for additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk/RFO shall act after consultation with the Chairman and Vice-Chairman of the Council);
 - (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (2) Where it is intended to enter into a contract exceeding £2,000 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 (1), the Clerk shall invite tenders from at least three firms.
- (3) 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 and approved by the Council.
- (4) Such invitation to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that tenders must be addressed to the Clerk in the ordinary course of post. Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
- (5) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of the Council.
- (6) If less than three tenders are received for contracts above £2,000 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.
- (7) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Order 30 and shall refer to the terms of the Bribery Act 2010.

- (8) When it is to enter into a contract less than £2,000 in value for the supply of goods or materials or for the execution of works or specialist services other than goods, materials, works or specialist services as are excepted as set out in paragraph (1) the Clerk/RFO shall strive to obtain three quotations (priced descriptions of the proposed supply). Otherwise, Regulation 10(3) above shall apply.
- (9) The Council shall not be obliged to accept the lowest of any tender, quote or estimate.

12 PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTION WORKS

- 12.1 Payments on account of the contract sum shall be made within the time specified in the contract by the Clerk/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).
- 12.2 Where contracts provide for payment by instalments the Clerk/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 of 5% or more, a report shall be submitted to the Council.
- 12.3 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.

13 STORES AND EQUIPMENT

- 13.1 Members of the Council shall ensure that any equipment owned by the Council which is within the area of responsibility allocated to them at the beginning of each financial year is adequately and safely maintained.

14 ASSETS, PROPERTIES AND ESTATES

- 14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk/RFO 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 Accounts and Audit Regulations.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council together with any other consents required by law.
- 14.3 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of assets.

15 INSURANCE

- 15.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 The Clerk/RFO shall be advised of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and review it annually.
- 15.4 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 the Council at the next available meeting.
- 15.5 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 CHARITIES

16.1 Where the Council is sole managing trustee of a charitable body the Clerk/RFO shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with charity law and legislation, or as determined by the Charity Commission. The Clerk/RFO shall arrange for any audit or independent examination as may be required by charity law or any governing document.

17 RISK MANAGEMENT

17.1 The Council is responsible for putting in place arrangements for the management of risk. The RFO shall prepare, for approval by the Council, risk management policy statements in respect of all activities of the Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Council at least annually.

17.2 When considering any activity, the Council shall ensure that a draft risk assessment is prepared, including risk management proposals for approval by the Council.

18 REVISION OF FINANCIAL REGULATIONS

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