

# **St Peter the Great County Parish Council**

## **Financial Regulations.**

### **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. 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 RFO acting under the policy direction of the Council, shall oversee the administration of 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 Clerk shall produce financial management information as required by the Council from time to time.

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 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**

2.1 Members shall formulate and submit proposals to the Council in respect of income and expenditure for the following financial year not later than the second Monday in November each year.

2.2 The RFO shall ensure that detailed estimates of all receipts and payments, for the year are prepared each year.

2.3 The Council shall review the estimates not later than the third Monday in December each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall ensure each member is supplied with a copy of the approved estimates.

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

2.5 The Council shall prepare and have regard to a provisional three year forecast of Revenue and Capital Receipts and Payments which shall be prepared at the same time as the budget.

### **3 BUDGETARY CONTROLS**

3.1 Expenditure may be incurred up to the amounts included in the budget.

3.2 No expenditure may be incurred which will exceed the amount provided in the budget.

3.3 The RFO shall ensure from time to time that members are provided with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.

3.4 The Clerk may incur expenditure on behalf of the Council which is of such extreme importance that it must be done at once, in accordance with the budget control contained herein. The Clerk shall report the action to the Council as soon as practicable thereafter.

3.5 Any unspent provisions in the budget shall be resolved by Council resolution as part of the annual budget process.

### **4 ACCOUNTING AND AUDIT**

4.1 All accounting procedures and financial records of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations.

4.2 The RFO shall be responsible for ensuring the completion of 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 Where applicable the RFO shall be responsible for completing 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 for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.

4.4 The RFO 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 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.

4.5 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 Council in writing on a regular basis with a minimum of one annual 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 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.

4.7 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 shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.

5.2 Payments required, shall be prepared by the Clerk and shall be received by the Clerk and, together with the relevant invoices, be presented to Council. If payment is to be in order it shall be authorised by the Council and the detail shall be shown in the Minutes of the Meeting.

5.3 Cheques 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 at least two members of Council, and countersigned by the Clerk.

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 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.

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, 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 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 Council meeting.

6.5 The RFO and the Clerk may determine whether or not to have a Petty Cash float. Where no Petty Cash scheme has been agreed, any petty expenditure by the Clerk from his own resources shall be re-imbursed by cheque only upon production of a valid receipted invoice, subject to a limit of £35.00 for any one item and further subject to approval by the Council.

6.6 If thought appropriate by the council, payment for utility supplies (energy, telephone and water) and other supplies as agreed by the Council may be made by variable Direct Debit provided that the instructions are signed by the Clerk and any payments are reported to Council as made.

## **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 pensions, gratuities, honorariums, 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 of money under the control of the Council 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 relevant regulations, proper practices and guidance, and shall be reviewed at least annually.

8.3 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.

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

## **9. INCOME**

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

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

9.3 The Council will agree any fees and/or charges to be made, 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 further action will be subject to Council resolution.

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 immediately or 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 ensure prompt completion of any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually following the financial year end.

## **10. ORDERS AND CONTRACTS 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 All Members and Officers are responsible for obtaining value for money at all times. The Clerk issuing an official order 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 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**

11.1 Procedures as to contracts are laid down as follows:

(a) Every contract shall comply with these financial regulations.

(b) Where the value is below £1,000, the Clerk will be guided by the Council's desire to achieve best value expressed in financial regulation 10. Where the value is above £1,000 and below £3,000 the Clerk shall strive to obtain 3 estimates. When it is to enter into a contract more than £3,000 in value, the Clerk shall obtain 3 quotations containing priced descriptions of the proposed supply.

(b) Where it is intended to enter into a contract exceeding £10,000 in value, the Clerk shall invite tenders from at least three firms to be taken. 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.

(c) 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 Council.

(d) Any invitation to tender issued under these regulations shall contain a statement of the Council's policies in respect of tendering and the placing of contracts.

(e) Contracts will be awarded on the basis of best value, not on lowest price, in accordance with financial regulation 10.

(f) The Council or its Committees may employ an approved Contractor for the supply of goods or services for the maximum of three years without obtaining alternative quotations, but shall normally obtain a minimum of three quotations at 3-yearly intervals, to ensure that any Contractor's prices remain competitive

## **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 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 installments the Clerk 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 conveyed by the 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 The Clerk shall be responsible for the care and custody of any stores or equipment held by the Council.

13.2 Delivery Notes shall be obtained in respect of all goods received or otherwise delivered and goods must be checked as to order and quality at the time delivery is made.

## **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 RFO shall ensure that a record is maintained of all property owned by the Council, recording the location, extent, purchase details, 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 or the Council, together with any other consents required by law, save where the estimated value of any of any one item of tangible movable property does not exceed £50.00.

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 (per Financial Regulation 18), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

15.2 The RFO 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.

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

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 Council at the next available meeting.

15.5 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 If the Council becomes a sole trustee of a Charitable body the Clerk and RFO shall ensure that separate accounts are kept of the funds held on charitable trust 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 and RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

## **17. GRANTS**

17.1 The Council may from time to time, under its powers, or by way of Section 137, make such grants as it considers necessary or desirable. This shall be done in accordance with the Council's agreed grants policy. Before such grants are made the RFO and the Clerk shall establish all relevant information in respect of the applicant/group, its constitution, or in the absence of a constitution, its legal standing and such accounts as the Council may feel necessary. Where a grant exceeding £2,000 has been made, and within a reasonable period of time, the RFO and the Clerk shall require the recipient individual/group to provide adequate accounts showing how the grant has been used, and to ensure that any significant under-spend is refunded to the Council.

## **18. RISK MANAGEMENT**

18.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk and the Councillor with responsibility for Health & Safety 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.

18.2 When considering any new activity the Clerk, RFO and the Councillor with responsibility for Health & Safety shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## **19. REVISION OF FINANCIAL REGULATIONS**

19.1 It shall be the duty of the Council to review the Financial Regulations of the Council annually. The RFO and Clerk shall make arrangements to jointly monitor changes in legislation or proper practices and shall advise the Council of any requirement for a consequential amendment of these financial regulations.

The Chairman.

29 June 2009.