

UTKINTON & COTEBROOK PARISH COUNCIL

FINANCIAL REGULATIONS

(Revised May 2019)

These Financial Regulations were adopted by the Council at its Meeting held on 10th July 2018.

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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.
- 1.2 The Responsible Financial Officer (RFO), shall be the Clerk/RFO who will be under the policy direction of the Council, and shall be responsible for the proper administration of the Council's affairs.
- 1.3 The Clerk/RFO shall be responsible for the production of financial management information.
- 1.4 In these financial regulations, references to the Accounts and Audit Regulations or 'the 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.

In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability for Local Councils – a Practitioners' Guide (England) issued by the Joint Practitioners Advisory Group (JPAG), available from the websites of NALC and the Society for Local Council Clerks (SLCC) or Governance and Accountability for Local Councils in Wales - A Practitioners' Guide, available from the websites of One Voice Wales (OVW) and SLCC as appropriate.

2. ANNUAL ESTIMATES

- 2.1 Each Committee, where they exist, shall formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of October each year.
- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the clerk.
- 2.3 The Council shall review the estimates not later than the end of November each year and shall fix the Precept to be levied for the ensuing financial year. Each member will be supplied with a copy of the approved estimates.
- 2.4 The council shall fix the precept (council tax requirement), and relevant basic amount of council tax to be levied for the ensuing financial year not later than by the end of January each year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved annual budget.
- 2.5 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.6 The Council shall prepare and have regard to the annual forecast of Revenue and Capital Receipts and Payments which shall be prepared at the same time as the annual Budget or Estimates.

3 BUDGETARY CONTROL

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget, except by permission of the Council.
- 3.3 The Clerk/RFO shall quarterly provide the Council 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/RFO 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 £100. The Clerk/RFO shall report the action to the Chairman of the Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 3.6 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 external grant approval has been obtained.
- 3.7 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, appropriate Guidance and proper practices.

4.2 The Clerk/RFO shall be responsible for completing the annual statement of accounts, annual report, and any related documents of the council contained in the Annual Return (as specified in proper practices) as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council at the April Meeting of Council.

4.3 The Clerk/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 by the June meeting of Council.

The Clerk/RFO shall be responsible for ensuring that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices.

4.4 The Internal Auditor shall carry out the work required by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in person with a minimum of one annual report in respect of each financial year.

4.5 The Clerk/RFO shall, as soon as practicable, shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity to inspect the accounts, books, and vouchers and display or publish any notices and statements of account required by Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.

4.6 The Clerk/RFO shall, without undue delay, bring to the attention of 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/BACS PAYMENTS

- 5.1 The Council's banking arrangements 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/RFO and, together with the relevant invoices, be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council the resolution shown in the Minutes of the Meeting.
- 5.3 Cheques/BACS payments 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 the two members of Council who proposed and seconded the payment
- 5.4 To indicate the agreement of the details shown on the cheque the. two signatories should also initial the cheque counterfoil and sign the relevant invoice.
- 5.5 The Clerk/RFO should complete a bank reconciliation every quarter and present it as part of the agenda of the next council meeting

6 PAYMENT OF ACCOUNTS

- 6.1 All payments shall be affected by cheque or BACS, drawn on the Council's bankers.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk/RFO 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 Clerk/RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk/RFO shall take all steps to present for approval all invoices submitted, and which are in order, at the next available Council Meeting.
- 6.4 For BACS payments, refer to the procedure details in the Risk Assessment Document.
- 6.5 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/RFO certifies that there is no dispute or other reason to delay payment, the Clerk/RFO 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.
- 6.6 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 (for example for postage or minor stationery items) shall be refunded on a quarterly basis.
- 6.7 The Clerk/RFO has been granted permission to make Emergency Payments up to a maximum amount of £100. Should these powers be exercised, then an email should be sent to the Chair/Vice Chair advising them. These payments should be logged on the Payments Schedule and presented to the Parish Council at the next meeting,

7 PAYMENT OF SALARIES

- 7.1 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.

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's Investment Policy, (where one is in place) shall be in accordance with the Trustee Act 2000, and shall be reviewed on a regular basis (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 affected 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.
- 8.5 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 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, notified to the Clerk/RFO and the Clerk/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/RFO.
- 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 with the council's bankers within one calendar month.
- 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 VAT Act 1994 section 33 shall be made at least annually coinciding with the financial year end.
- 9.9 Should any significant sums of cash be 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. Copies of orders shall be retained.
- 10.2 Any Order books shall be controlled by the clerk.
- 10.3 All members and Officers are responsible for obtaining value for money at all times. All official orders will be issued by the Clerk/RFO who 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 (l) below.
- 10.4 The Clerk/RFO shall verify the lawful nature of any proposed purchase before the issue of any order.

11

CONTRACTS

11.1

Procedures as to contracts are laid down as follows:

- (a) Every contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency. These regulations shall not apply to contracts which relate to items (i) to (iii) below:
 - (i) for specialist services such as are provided by solicitors, accountants, surveyors and planning consultants;
 - (ii) 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;
 - (iii) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;
 - (iv) 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 Council);
 - (v) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (b) 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 (a) the Clerk/RFO shall invite quotations from at least three firms to be taken from the appropriate approved list.
- (c) 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 the Council.
- (d) Such invitation to quote shall state the general nature of the intended contract and the Clerk/RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that quotes must be addressed to the Clerk/RFO in the ordinary course of business. All quotes shall be opened as they are received and dated with the date of receipt.
- (e) If less than three quotes are received for contracts above £2,000 or if all the quotes are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- (f) Any invitation to quote issued under this regulation shall contain a statement to the effect of Standing Orders 61, 63 and 64.
- (g) When it is to enter into a contract less than £2,000 but above £500 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. The Clerk/RFO shall obtain 2 estimates (priced descriptions of the proposed supply); where the value is below £500, Regulation 10 (3) above shall apply.
- (j) The Council shall not be obliged to accept the lowest or any 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/RFO to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

13 PROPERTIES AND ESTATES

- 13.1 The Clerk/RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council and 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.
- 13.2 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.

14 INSURANCE

- 14.1 Following an annual risk assessment, the Clerk/RFO shall affect all insurances and negotiate all claims on the Council's insurers.
- 14.2 The Clerk/RFO shall give prompt notification to the Council of all new risks, or properties, which require to be insured and of any alterations affecting existing insurances.
- 14.3 The Clerk/RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 14.4 The Clerk/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.
- 14.5 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.

15 RISK MANAGEMENT

- 15.1 The Clerk/RFO shall prepare and promote Risk management policy statements in respect of all activities of the Council.
- 15.2 When considering any new activity the Clerk/RFO shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

16 REVISION OF FINANCIAL REGULATIONS

- 16.1 It shall be the duty of the Council to review the Financial Regulations of the Council.
- 16.2 Council on an annual basis, in November each year.