

DANBURY PARISH COUNCIL

FINANCIAL REGULATIONS

1. GENERAL

1.1 These Financial Regulations shall govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.

1.2 Any amounts specified within the document may be varied by resolution of the Council.

1.3 The designated Responsible Financial Officer (RFO) under the policy direction of the Council shall be responsible for the proper administration of the council's financial affairs. The RFO, acting under the policy direction of the Council, shall administer 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.

1.4 The RFO shall be responsible for the production of financial management information.

1.5 In these 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 Each spending committee shall formulate and submit proposals to the Resources Committee in respect of revenue and capital budgets in time for the November meeting of the Resources Committee 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 RFO in the form of a budget to be considered by the Council.

2.3 Items for inclusion in the rolling capital programme which are capable of being completed within the financial year will form an annual capital budget.

2.4 The Resources Committee shall review all the estimates and suggestions and submit them to the Council not later than the end of November each year and shall recommend the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.

2.5 The capital and revenue budgets shall form the basis of control for the ensuing year.

2.6 The Committee shall prepare and have regard to a three year forecast of Revenue and Capital Receipts and Payments which shall be reviewed regularly on an ongoing basis.

3. BUDGETARY CONTROL

3.1 Each spending committee shall ensure that revenue and capital expenditure will not exceed its approved total. Small over spends (+10%) under a particular heading may be offset by under spends under other headings at the discretion of that Committee. No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure.

3.2 The RFO shall provide each spending committee at quarterly intervals or more often with a statement of receipts and payments to date under each heading of the approved annual revenue and capital budgets.

3.3 The Clerk or RFO may incur expenditure on behalf of the Council for routine supplies, consumables etc, subject to a limit per order of £500, up to the amount remaining in the relevant Revenue Budget. Control over these purchases will be exercised by the relevant Committee.

3.4 The Clerk or RFO may incur expenditure on behalf of the council if this 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 £1000 per order. The Clerk or RFO shall report the action to the Resources Committee as soon as practicable thereafter. If the necessary expenditure exceeds the agreed amount, an extraordinary meeting of the appropriate committee should be called.

3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by a resolution of the Council.

3.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure against the capital budget unless the committee concerned is satisfied that it is contained in the rolling capital programme and that the necessary capital funds are available or the requisite borrowing approval has been obtained.

3.8 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 as required by the Accounts and Audit Regulations 1996, as amended, and submitted to the Council for approval.

4.2 The RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Resources Committee.

4.3 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 1996 as amended, or set by the Auditor.

4.4 The Council 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 Regulation 5 of the Accounts and Audit Regulations 1996 as amended. 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 RFO, or 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 writing on a regular basis with a minimum of one annual report in respect of each financial year.

4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1996 as amended.

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 Resources Committee on behalf of the council. The banking mandate will be considered by Resources Committee at the beginning of each council year.

5.2 A schedule of payments required, forming part of the agenda for the Resources Committee meeting, shall be prepared by the RFO and together with the relevant invoices, be presented to the Resources Committee at each meeting. If the schedule is in order it shall be authorised by a resolution of the Resources Committee and shall be initialled by the Chairman or Vice Chairman of the Committee as part of the minutes of the meeting.

5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 shall be signed by two of the duly authorised councillors.

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.

5.5 The RFO will reconcile the Council's bank statements monthly, on receipt of the bank statements.

6. PAYMENT OF ACCOUNTS

6.1 Apart from any petty cash payments, all payments shall be effected by cheque, *local government procurement card* or other order drawn on the Council's bankers.

6.2 The clerk or nominated officer shall be responsible for ensuring that all invoices for payment are examined and confirmation sought 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 arithmetical accuracy and shall analyse them to the appropriate expenditure heading. All invoices submitted, and which are in order, shall be settled at the next available meeting of the Resources Committee or within thirty days of receipt.

6.4 All invoices or financial instruments which are in order will be entered on the schedule referred to in 5.2 above.

6.5 Where it is necessary to make a payment before it has been authorised by the Resources Committee, such payment shall be certified as to its correctness and urgency by the appropriate officer and shall be authorised by two of the authorised signatories.

6.6 All payments authorised under paragraph 6.5 of these regulations, or made without authority of the council, shall be included in the next schedule of payments laid before the Resources Committee.

6.7 The RFO or Clerk may provide petty cash to councillors or officers of the council for the purpose of defraying immediate operational and immediate other expenses, up to a limit of £100 for each transaction. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement:

- 1) The RFO shall maintain a petty cash float up to a limit of £150 for the purpose of defraying operational and other expenses.

ii. Vouchers for payments made from petty cash shall be kept to substantiate the payments, a petty cash account shall be kept and payments authorised regularly and retrospectively at meetings of the Resources Committee.

iii. Payments made from petty cash shall be analysed to the appropriate expenditure heading and included in the year end accounts under those headings.

iv. Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations

v. Payments to maintain the petty cash float shall be shown on the schedule of the payment of money presented to the Resources Committee (under 5.2 above).

6.8 If thought appropriate by the Council payment for utility supplies (energy, telephone and, water) and Local Government Procurement Card may be made by a variable Direct Debit provided that the instructions are signed by two members and any payments are reported to the Resources Committee.

i) Payment of any expenditure on the card during the month will be paid in full by direct debit from the current account. The expenditure will be on the next cheque list as normal.

ii) The Procurement card should only be used in circumstances where there are significant benefits and the supplier will not accept an official order and submit an invoice subsequently. Ordering goods through the normal system should be processed through the ordering procedure in the normal way.

iii) A maximum limit for the Local Government Procurement Card is set at £5000.00

7. PAYMENT OF SALARIES

7.1 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 Resources Committee.

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, provided that each payment is reported to and ratified by the next available Resources Committee Meeting.

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. Any changes of loans and investments agreed by the Resources Committee shall be reported to the Council at the earliest opportunity.

8.2 The Council's Investment Policy, 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 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.

8.5 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 the RFO.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
- 9.3 The appropriate committees will review all fees and charges annually *in November*, following reports from the officers of the council.
- 9.4 The RFO shall ensure that all sums for which an invoice has been issued are paid within a month. If no payment has been received appropriate reminders will be sent, and in the event of continued non payment the matter will be referred to the Resources Committee. Each case of non payment will be considered on its merits and a decision made as to the further action to be taken.
- 9.5 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off.
- 9.6 All sums received on behalf of the council shall be banked intact as quickly as possible and in all cases within seven days.
- 9.7 The origin of each receipt shall be entered on the paying-in slip.
- 9.8 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.9 The 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.
- 9.10 Where any significant sums of cash are regularly received by the Council, the 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 A serially numbered official order 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. electricity supply or petty cash purchases. Copies of orders shall be retained.
- 10.2 Order books shall be controlled by the RFO.
- 10.3 All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order is to ensure as far is 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 (i) below.
- 10.4 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 the contracts are laid down as follows:

a) Every contract whether made by the Council or by a Committee to which the power of making contracts has been delegated, shall comply with these regulations and no exception from any of the following provisions of these regulations shall be made otherwise than by direction of the Council, or in an emergency, by such a Committee as aforesaid provided that these standing orders shall not apply to contracts which relate to items (i) to (v) 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 goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price.

b) Where it is intended to enter into a contract 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), for values:

- (i) exceeding £10,000 the Clerk shall invite tenders from at least three firms;
- (ii) between £1000 and £10,000 formal tenders are not necessary, but estimates for comparison purposes should be obtained where ever possible;
- (iii) for less than £1000, the Clerk shall ensure that all items ordered represent good value for money.

(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 from the Resources Committee to the Parish Council.

(d) Invitations to tender shall state the general nature of the intended contract and the Clerk shall obtain the necessary technical assistance to prepare a specification on appropriate cases. The invitation shall in addition state that the 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.

(e) All sealed tenders shall be opened at the same time on the prescribed date by the Clerk or the properly authorised deputy in the presence of at least one member of the Council.

(f) If less than three tenders are received for contracts valued above £10,000 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.

(g) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 61, 63 and 64

- (i) Prior to entering into a contract over £10,000 the RFO will carry out a credit card check on the preferred provider.
- (j) The Council shall not be obliged to accept the lowest or 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 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 RFO 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 Council.

12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council in writing, the Resources Committee being informed where the final cost is likely to exceed the financial provision.

13 STORES AND EQUIPMENT

13.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.

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

13.3 Stocks shall be kept at minimum levels consistent with operational requirements.

13.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

14 PROPERTIES

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 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 regulation 4(3)(b) of the Accounts and Audit Regulations 1996.

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, save where the estimated value of any one item of tangible movable property does not exceed £50.

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 annually.

15 INSURANCE

15.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers [in consultation with the Clerk].

15.2 The RFO shall identify 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 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 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 trustee of a Charitable body the Clerk and or 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 and 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 Clerk and/or the RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.

17.2 When considering any new activity the Clerk and or RFO shall prepare a draft risk assessment including Risk Management proposals.

18 REVISION OF FINANCIAL REGULATIONS

18.1 It shall be the duty of the Resources Committee or at direction of Council to review the Financial Regulations of the Council from time to time, and at least every three years subject to legislative changes. The Clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Council of any requirement for any consequential amendment to these financial regulations.