

## **LINBY PARISH COUNCIL**

### **FINANCIAL REGULATIONS**

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## **1. General**

- 1.1 These financial regulations govern the conduct of the 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 Responsible Finance Officer (RFO) is a statutory office and shall be appointed by the Council. The Clerk has been appointed as RFO for this Council and these regulations will apply accordingly. 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.
- 1.3 The 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 the Audit Commission.

## **2. Annual Budget**

- 2.1 Each member of the Council, if appropriate, shall formulate and submit proposals in respect of revenue and capital expenditure for the following financial year to the RFO by the requested deadline for inclusion in budget proposals for the consideration of Council.
- 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 and approved by the Council.
- 2.3 The Council shall review and approve 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 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 budgets 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.
- 3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget with the exception of those costs identified as essential to the running of the Council and the fulfilment of its legal obligations. During the budget year and with the approval of the Council, having considered fully the implications for public services, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.
- 3.3 The RFO shall provide the Council with a statement of receipts and payments to date under each head of budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. This statement shall be provided (i) in the papers for the Precept Meeting and (ii) at the half year and full year end.
- 3.4 The Chairman 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 £1,000. The Chairman shall report the action to the Council as soon as practicable thereafter.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year unless placed in an earmarked reserve by 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 capital expenditure unless the Council is satisfied that the necessary funds are available, or the requisite borrowing 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.
- 4.2 The 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 RFO shall complete 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 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 RFO shall ensure that there is 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 internal audit and shall supply to 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 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 complete the relevant sections of the Annual Return in respect of each financial year and shall in addition, report to the Council in writing on any areas where (in the opinion of the Internal Auditor), the internal control objectives are not to the standard required to meet the needs of the Council. 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 display or publication of any Notices and statements of accounts required by Audit Commission 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, including the Bank Mandate, shall be made by the 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 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 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 require TWO authorised signatories as determined by the current bank mandates.

- 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 initial the cheque counterfoil.
- 5.5 Payments paid online in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, will be set up on line by RFO. Payment will be approved by 1 signatory on the council on receipt of the invoice from the RFO. New payees will be followed up by an email or phone call from the RFO to ensure receipt. RFO will present at the PC meeting the bank statement and invoice to second signatory.

## **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 RFO. The 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 RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The RFO 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/or the due date for payment is before the next scheduled Meeting of the Council, where the Chairman and RFO certify that there is no dispute or other reason to delay payment, the 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 the Council.
- 6.5 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the RFO or Councillors (for example, for postage or minor stationery and consumable items), shall be refunded on a regular basis on submission of an expenses form, with receipts as appropriate.

## **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 rates 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 and shall be for a set period in accordance with Council policy.
- 8.2 The Council shall consider the need for an Investment 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 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. The terms and conditions of borrowings shall be reviewed at least annually.
- 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 to be done, services rendered or goods supplied shall be agreed annually by the Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Council.
- 9.3 The Council will review all fees and charges on an annual basis.
- 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 as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary, taking into account the requirements of the Council's insurers.
- 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 unless approved by the Chairman or Vice-Chairman.
- 9.8 The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act shall be made promptly and in accord with the requirements of HM Customs & Excise.

## **10. Orders for Work, Goods and Services**

- 10.1 All work, goods and services will be ratified at the monthly Council meeting and will then be ordered.
- 10.2 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 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.
- 10.3 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.

## **11. Contracts**

11.1 Procedures as to Contracts are laid down as follows:

- Every Contract shall comply with these financial regulations, and no exceptions shall be made otherwise than in an emergency.
- Where it is intended to enter into a contract exceeding £3,500 in value for the supply of goods, materials or specialist services, tenders will be obtained from at least three appropriate Suppliers.
- Such invitation to tender shall state the general nature of the intended contract and shall obtain the necessary technical assistance to prepare a specification in appropriate cases. The invitation shall in addition state that the tenders must be addressed to the RFO.
- All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of at least one member of the Council
- If less than three tenders are received for contracts above £3,500 or if all the tenders are identical, the Council may make such other arrangements as it thinks fit for procuring the goods or materials or executing the works.
- When it is to enter into a contract less than £3,500 for the supply of goods, materials or services then at least 2 quotations; where the value is below £1,000 Regulation 10.2 above shall apply.
- 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 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 where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum a report shall be submitted to the Council prior to the work being carried out.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and the Contractor shall be informed in writing, so that the Council may be informed, where the final cost is likely to exceed the financial provision.

### **13. Equipment**

- 13.1 The officer in charge of each section shall be responsible for the care and custody of equipment utilised in their respective activities
- 13.2 Goods received must be checked as to conformity to the requirements of the order and as to quality, as soon as it is practically possible after delivery is made.
- 13.3. Stocks of minor consumable items shall be kept at the minimum level consistent with operational requirements.

### **14. Assets, Properties and Estates**

- 14.1. The Clerk shall make appropriate arrangements for the custody of all title deeds of property owned by the Council. The RFO shall ensure a record is maintained of all properties owned by the Council, in accordance with the Accounts and Audit Regulations.
- 14.2. No property shall be sold, leased or otherwise disposed of without the authority of the Council.
- 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.

### **15. Insurance**

- 15.1 Following an annual risk assessment (per Financial Regulation 16), the RFO shall effect all insurances.
- 15.2 The RFO shall be advised promptly 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 affected 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 the Council at the next available meeting.

## **16. Risk Management**

- 16.1. 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.
- 16.2. When considering any new activity the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Council.

## **17. Revision of Financial Regulations**

- 17.1. It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The RFO 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 regulations.