

Great Chesterford Parish Council

Financial Regulations

**Adopted 19/01/2011**

# GREAT CHESTERFORD 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 The Clerk has been appointed as the Responsible Financial Officer (RFO) for this council. The RFO, under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.
- 1.3 The RFO shall produce financial management information as required by the Council.

### 2. BUDGETS

- 2.1 Detailed actual and estimated income and expenditure for the current year, together with a proposed budget for the next year shall be prepared by the RFO.
- 2.2 The Council shall review the budget not later than the end of **December** 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.
- 2.3 The annual budgets shall form the basis of financial control for the ensuing year.

### 3 FINANCIAL 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 by £500 the amount provided in the revenue budget for that overall class of expenditure without prior agreement of the Council.
- 3.3 The RFO shall provide the Council with a statement of income and expenditure to date under each budget heading. These statements are to be prepared at the end of each financial quarter. There will also be a forecast of expenditure for the remainder of the financial year against each budget heading.
- 3.4 The 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 £500. The RFO 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.

#### **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 accounts of the Council, including the Council's annual return, as soon as practicable after the end of the financial year and shall submit them to the Internal Auditor.
- 4.3 The RFO shall then submit the audited accounts 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 an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices and commensurate with staffing levels
- 4.5 The Internal Auditor shall be appointed by and shall carry out the work required by the Council in accordance with proper practices.
- 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, including the Bank Mandate, shall be made by the RFO and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.2 Cheques drawn on the bank account shall be signed by two members of the Council.
- 5.3 To indicate agreement of the details shown on the cheque and invoice, or similar documentation, the signatories shall each also initial the invoice or similar documentation as well as the cheque counterfoil.

## **6 PAYMENT OF ACCOUNTS**

- 6.1 Apart from petty cash payments, 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, and was consistent with estimates and quotations.
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading.
- 6.4 The RFO shall take all possible steps to settle invoices submitted, which are in order, within 30 days of invoice date.
- 6.5 The RFO may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the RFO with a claim for reimbursement:
- a) The RFO shall maintain a petty cash float of £50 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment.
  - b) Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
- 6.6 If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to the Council as made. Use of a variable Direct Debit shall be reviewed by the RFO at least every twelve months and any changes approved by resolution of the Council.

## **7 PAYMENT OF SALARIES**

- 7.1 The RFO shall make such arrangements as necessary for the calculation and payment of salaries and wages in accordance with payroll records and the rules of PAYE and National Insurance currently operating.

## **8 INVESTMENTS**

- 8.1 All investments of money under the control of the Council shall be in the name of the Council.
- 8.2 All investment certificates and other documents relating thereto shall be retained by bank or custodian.

## **9 INCOME**

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the RFO.
- 9.2 The Council will review all fees and charges annually, following a report of the RFO.
- 9.3 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.4 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 as soon as possible.
- 9.5 The origin of each receipt shall be entered on the paying-in slip.
- 9.6 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.7 The RFO, if necessary, shall complete a VAT Return twice yearly, at the end of October and March.

## **10 ORDERS FOR WORK, GOODS AND SERVICES**

- 10.1 All expenditure must be authorised by the Council.
- 10.2 The Council will endeavour to obtain three or more quotations or estimates from appropriate suppliers, for work costing in excess of £5,000.
- 10.3 The RFO shall verify the lawful nature of any proposed purchase before authorisation, 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 Where it is intended to enter into a contract exceeding £5,000 in value for the supply of goods or materials or for the execution of works or specialist services the RFO shall invite tenders from at least three firms. Such invitation to tender shall state the general nature of the intended contract and the RFO shall obtain the necessary technical assistance to prepare a specification in appropriate cases.
- 11.2 When applications are made to enable a contract price to be negotiated without competition the reason shall be embodied in a recommendation to the Council.

- 11.3 When it is to enter into a contract less than £25,000 in value for the supply of goods or materials or for the execution of works or specialist services the RFO shall strive to obtain 3 quotations.
- 11.4 The Council shall not be obliged to accept the lowest or any tender, quote or estimate.

## **12. PAYMENTS UNDER CONTRACTS**

- 12.1 Where contracts provide for payment by instalments the RFO shall maintain a record of all such payments.
- 12.2 Any variation to a contract must be approved by the Council and the RFO, and the Contractor notified in writing. The RFO to inform the Council if the final cost is likely to exceed the financial provision.

## **13 EQUIPMENT**

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

## **14 ASSETS, PROPERTIES AND ESTATES**

- 14.1 The 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.
- 14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council.

## **15 INSURANCE**

- 15.1 The RFO shall effect all insurances, based on the annual risk assessment (Financial Regulation 17), and negotiate all claims on the Council's insurers.
- 15.2 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.3 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.
- 15.4 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

## **16 CHARITIES**

- 16.1 The 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.
- 16.2 The 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 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 new activity, the RFO shall prepare a draft risk assessment including risk management proposals for consideration and adoption 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 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 financial regulations.