

MISTERTON 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 Responsible Financial Officer (RFO) (the Clerk), under the policy direction of the Council, shall be responsible for the proper administration of the Council's financial affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.

2. Annual Estimates

- 2.1 The Council shall formulate proposals in respect of revenue services and capital projects for inclusion in the rolling capital programme not later than the end of January each year.
- 2.2 Detailed estimates of income and expenditure on revenue services and receipts and payments on capital account shall be prepared each year by the RFO.
- 2.3 The Council shall review the estimates and determine the precept to be levied for the ensuing year. The RFO shall furnish each member with a copy of the approved estimates.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

3. Budgetary Control

- 3.1 Expenditure on the revenue account may be incurred up its limit.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the revenue budget unless approved by the Council.

- 3.3 The RFO shall, on a monthly basis, furnish the Council with a statement of accounts to be paid, together with a bank reconciliation statement.
- 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 Where expenditure is incurred in accordance with regulation 3.4 above, and the sum required cannot be met from savings made elsewhere within the approved budget, it shall be met from balances or, if balances be insufficient, be subject to the provisions of a supplementary estimate approved by 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 on capital account, unless the Council is satisfied that it is contained in the rolling capital programme, and that the necessary capital funds are available, or the requisite borrowing approval can be 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 as required by the Accounts and Audit Regulations 2003.
- 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 to, and report thereon, to the Council.
- 4.3 The Council shall, as required by regulation 6 of the Accounts and Audit Regulations 2003, maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices, and any officer or member of the Council shall, if the Council requires:
- (a) make available such documents of the Council which relate to its accounting and other records as appear to the Council to be necessary for the purpose of the audit; and
 - (b) supply the Council with such information and explanation as the Council considers necessary for that purpose.
- 4.4 The Council must appoint a suitable, independent person as Internal Auditor, who will, on the basis of an assessment of risk, carry out an annual audit, as is necessary for completion of the Annual Return.

4.5 The Internal Auditor will follow the suggested approach to internal audit testing contained in Appendix 8 of Governance and Accountability in Local Councils in England and Wales - A Practitioners' Guide.

4.6 The Internal Auditor will submit annual reports to the Council.

5. **Banking Arrangements and Cheques**

5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council.

5.2 Cheques drawn on the Council's bank accounts shall be signed by the RFO and by any two members.

5.3 Transfer of balances between Council bank accounts will be authorised by the RFO.

6. **Payment of Accounts**

6.1 Apart from petty cash payments, all payments shall be effected by cheque drawn on the Council's bankers.

6.2 All invoices for payment shall be examined, verified and certified by the RFO. Before certifying an invoice the RFO shall satisfy himself that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.

6.3 The RFO shall code all certified invoices to the appropriate expenditure head. He shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of receipt.

7. **Payments of Salaries**

7.1 The payment of salaries shall be made by the RFO in accordance with the payroll records.

8. Loans and Investments

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the Council, and shall be for a set period of time in accordance with Council policy. Changes to loans and investments should be reported to the Council at the earliest opportunity.
- 8.2 All investments of money under the control of the Council shall be in the name of the Council.
- 8.3 All borrowings shall be in the name of the Council.
- 8.4 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 RFO.
- 9.2 The Council will review all fees and charges annually.
- 9.3 Any bad debts will be reported to the Council.
- 9.4 All sums received shall be banked by the RFO at the earliest opportunity.
- 9.5 Personal cheques shall not be cashed out of money held on behalf of the Council.

10. Orders 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, e.g. petty cash purposes. Copies of orders issued shall be maintained.
- 10.2 The RFO is responsible for obtaining best value for money at all times, and is to ensure that the best available terms are obtained on each transaction.

11. Contracts

11.1 Procedures as to the contracts are laid down as follows:

- (a) Every contract made by the Council shall comply with these procedures, and no exception from any of the following provisions shall be made otherwise than by direction of the Council, provided that these procedures 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 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:
 - (i) exceeding £500 in value for the supply of goods or materials or for the execution of works or specialist services as are excepted as set out in paragraph (a), the RFO shall invite tenders from at least three firms which shall be approved by the Council.
 - (ii) for expenditures of £500 or less in value the chairman or his appointed Vice-Chairman together with the RFO shall have executive power.
- (c) When applications are made to waive these procedures relating to contracts to enable a tender to be negotiated without competition, the reason shall be embodied in a recommendation to the Council.
- (d) 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. The invitation shall in addition state that tenders must be addressed to the RFO in the ordinary course of post. Each tendering firm shall be supplied with a specially 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 RFO in the presence of at least one member of the Council.
- (f) If less than three tenders are received for contracts valued above £500, 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) The Council shall not be obliged to accept the lowest or any tender.

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 consultant engaged to supervise the contract.

12.1 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 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 RFO in writing, the Council being informed where the final cost is likely to exceed the financial provision.

13. Properties and Estates

13.1 The RFO 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 interest, tenancies granted, rents payable and purpose for which held in accordance with regulation 5(3)(b) of the Accounts and Audit Regulations 2003.

13.2 No property shall be sold, leased or otherwise disposed of without the authority of the Council.

14. **Insurance**

- 14.1 The RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 14.2 The RFO shall give prompt attention to all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 14.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 14.4 The RFO shall be notified of any loss or liability or damage or of any event likely to lead to a claim.
- 14.5 all appropriate employees of the Council shall be included in a suitable fidelity guarantee insurance.

Risk Assessment

- 15. It shall be the duty of the Council to assess risk at least annually.

16. **Revision of Financial Regulations**

- 16.1 It shall be the duty of the Council to review the financial regulations of the Council at least annually.

Revised 11th November, 2003