

# **Barkway Parish Council Financial Regulations**

## FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its meeting held on 11 September 2017.

### 1 GENERAL

1.1 Any bank account operated by any constituted committee of the Council shall be subject to the entirety of these financial regulations.

1.2 These financial regulations govern the conduct of 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.

1.3 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Council. 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.

1.3.1 The Parish Clerk has been appointed the RFO and will carry out both roles. The Clerk/RFO may from time to time seek the assistance of the Chairman and Vice Chairman in ensuring that these financial regulations are adhered to.

1.4 The Clerk/RFO shall produce financial management information as required by the Council.

1.5 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.

1.6 In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.

1.7 In these financial 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 (BUDGET)

2.1 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 Finance Committee of the Council (which is the Clerk/RFO, the Chairman, the Vice Chairman and one other nominated Councillor) in the form of a budget to be considered by the Council. The Committee will also meet to review the financial position at regular intervals (at least quarterly) throughout the year and report to Council.

2.2 The Clerk/RFO, the Chairman and the Vice Chairman and one other nominated councillor (the Finance Committee) shall review the budget not later than the end of December each year and shall recommend the proposed Precept to be levied for the ensuing financial year. This request shall be put to the Council for approval at the January meeting. The Clerk/RFO shall issue the precept request to the billing authority and shall supply each Councillor with a copy of the approved budget.

2.3 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 With the approval of the Council, unspent and available amounts may be moved to other budget headings or to an earmarked reserve as appropriate.

3.3 The Clerk/RFO shall each quarter provide the Council with a statement of receipts and payments to date under each budget heading, comparing actual expenditure to the appropriate date against that planned as shown in the budget.

3.4 The Clerk/RFO in consultation with the Chairman or in his absence, at least one other serving Parish Councillor 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 Clerk/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.

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 Clerk/RFO in accordance with the Accounts and Audit Regulations.

4.2 The Clerk/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 Clerk/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 Clerk/RFO and the Council 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.

4.5 The Internal Auditor shall be appointed by and shall 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 report to Council in writing, or in person, on a regular basis with a minimum of one annual written report in respect of each financial year.

4.6 The Clerk/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 Clerk/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 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.

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 be signed by two authorised signatories of the Council.

5.4 The signatories shall each initial the cheque counterfoil and the invoice or payment request.

#### 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 Clerk/RFO. The Clerk/RFO shall satisfy 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 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 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) in consultation with the Chairman or the Vice Chairman 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. Cheques to settle such invoices may be signed between meetings by two authorised signatories and the payment must be ratified at the next meeting.

6.5 The Clerk/RFO may maintain a petty cash float of £50 for the purpose of defraying operational and other expenses. Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations. Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under 5.2 above.

6.6 If thought appropriate by the Council, payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit and any payments are reported to Council as made. A copy of the Direct Debit agreement together with relevant invoices detailing actual costs and payments made must be initialled by two signatories and kept on file.

## 7 PAYMENTS OF REMUNERATION AND OTHER EXPENSES FOR RFO, COUNCILLORS

7.1 The Council shall review annually the Clerk's remuneration and any other payment provisions. The Council will approve the sum to be paid to the Clerk in advance.

7.2 The Clerk shall be responsible for ensuring that any Tax, National Insurance and Pension Contribution liabilities are met.

7.3 The Clerk shall be able to claim authorised travel and out of pocket expenses up to a limit of £100 unless pre-authorised by resolution of the Council.

7.4 Councillors may be able to claim for out of pocket expenses in respect of items of stationery, equipment and authorised travel expenses that may be deemed necessary up to a limit of £100 unless pre-authorised by resolution of the Council.

7.5 Records of expenses to be maintained in order to satisfy any Inland Revenue requirements.

## 8 LOANS AND INVESTMENTS

8.1 Any borrowings or investments shall be negotiated in the name of the Council.

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 Any 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 Clerk/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 Fees for the hire of the Pavilion Community Room will be invoiced as and when hiring takes place. Contributions for the use of the football pitches and changing rooms are the subject of a separate agreement between BPC and Royston Town Football Club (RTFC) and are reviewed on an annual basis. A quarterly reminder will be issued to RTFC by the Clerk/RFO 14 days in advance of the due date of contribution.

9.5 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.

9.6 All sums received on behalf of the Council shall be banked intact as directed by the Clerk/RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Clerk/RFO considers necessary.

9.7 The origin of each receipt shall be entered on the paying-in slip or annotated on the bank statement when received direct from a 3rd party.

9.8 The Clerk/RFO shall promptly complete any VAT Return that is required. The VAT position shall be reviewed quarterly and any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least twice a year and / or when a significant amount is to be reclaimed, with one claim preferably to coincide with the financial year end.

## 10 AUTHORISED EXPENDITURE FOR WORK, GOODS AND SERVICES

10.1 The Clerk/RFO shall control and maintain an official order book. An official order or letter shall be issued for all work, goods and services agreed by the Council unless a formal contract is to be prepared, or the value of the order is under £500 (nett.), or an official order would be inappropriate. In some instances an official order may be issued, if required by a supplier, when the value of the order is under £500 (nett.). Such requests for work, goods and services will be processed with due diligence and the price(s) should demonstrate "value for money". Expenditure of £100 - £500 does not require an order but must be pre-authorised by the Council. Items under £100 (see Financial Regulation 7.4) may be paid between meetings but such expenditure must be reported and agreed by the Clerk/RFO as soon as reasonably possible and then will be included on the approval of payments schedule at the next meeting.

10.1.1 Persons undertaking work on behalf of the Council may incur expenses up to a value of £25 in any one calendar month before needing advance authorisation from a Councillor/RFO.

10.1.2 Records of expenses to be maintained in order to satisfy any Inland Revenue requirements.

10.2 Copies of orders/requests for work, goods and services shall be controlled and maintained by the Clerk/RFO for audit purposes.

10.3 All Councillors and the Clerk/RFO are responsible for obtaining value for money at all times. An officer issuing an official order shall 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, where the value of the order is likely to be between £1000 and £50000. Such quotations and estimates will be based on written specifications prepared by the Council.

10.4 The Council shall not be obliged to accept the lowest quotation or estimate.

## 11 CONTRACTS FOR WORK, GOODS AND SERVICES

11.1 All contracts for work, goods and services to be approved by the Council.

11.2 Where the supply of goods, materials, equipment or services is required and the total expenditure is likely to exceed £50000, the tender procedure rules set out below shall apply.

- i. a specification for the goods, materials, services or the execution of works shall be drawn up by the Clerk/RFO and/or the Councillor(s) responsible for the particular project. The Clerk/RFO or Councillors shall obtain any necessary technical assistance to enable the specification to be drawn up.
- ii. the Clerk/RFO shall endeavour to seek at least three tenders from suitable firms, unless otherwise agreed by the Council
- iii. the invitation to tender shall also be advertised locally in any manner that is appropriate
- iv. the invitation to tender shall in addition state that tenders must be addressed to the Clerk/RFO in the ordinary course of post in a sealed envelope marked "Barkway Tender". The tender will remain sealed until the prescribed date for opening tenders for that particular contract/purchase.
- v. all sealed tenders shall be opened at the same time on the prescribed date by the Clerk/RFO in the presence of at least two members of the Council.

11.3 The Council shall not be obliged to accept the lowest tender.

11.4 An exception to these rules may be made for the continued supply of utility services; for the extension of an existing contract in order to allow for completion or supply; for the provision of specialist services such as those provided by solicitors, accountants, surveyors, valuers and other such professionals; and for the supply of parts for machinery, plant or equipment.

11.5 The Clerk/RFO shall be responsible for reviewing the contracts for the supply of utility services at each renewal date and for obtaining best value for money.

## 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 STORES AND EQUIPMENT

13.1 The Council will allocate the responsibility for the care and custody of its stores and equipment as appropriate.

13.2 The Clerk/RFO shall be responsible for periodic checks of stores and equipment at least annually.

## 14 ASSETS PROPERTIES AND ESTATES

14.1 The Clerk/RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk/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 Accounts and Audit Regulations.

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 Clerk/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, possibly in conjunction with a health and safety inspection of assets.

## 15 INSURANCE

15.1 Following the annual risk assessment (per Financial Regulation 16), the Clerk/RFO shall effect all insurances and negotiate all claims on the Council's insurers. The Clerk/RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and review it annually in January.

15.2 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.

15.3 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 RISK MANAGEMENT

16.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk/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 Clerk/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 Clerk/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.