

Scarning Parish Council

Financial Regulations

Index

1. General
2. Accounting and Audit (Internal and External)
3. Annual Estimates (Budget) and Forward Planning
4. Budgetary Control and Authority to Spend
5. Banking Arrangements and Authorisation of Payments
6. Payment of Accounts
7. Payment of Salaries
8. Loans and Investments
9. Income
10. Orders for Works, Goods and Services
11. Contracts
12. Payments under Contracts for Building or other Construction Works
13. Stores and Equipment
14. Assets, Properties and Estates
15. Insurance
16. Charities
17. Risk Management
18. Suspension and Revision of Financial Regulations

1. GENERAL

1.1. 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.

1.2 The Responsible Financial Officer (RFO) is a statutory office and is 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, administers the Council's financial affairs in accordance with proper practices. The RFO determines on behalf of the Council its accounting records and accounting control systems. The RFO ensures 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 is responsible for the production of financial management information as required by the Council.

1.4 The Council has appointed an Internal Control Officer (ICO), who monitors progress against objectives, financial systems and procedures, and budgetary control. The ICO submits a quarterly report to the Council.

1.5 At least once a year, prior to approving the Annual Return, the Council conducts a review of the effectiveness of its system of internal control in accordance with proper practices.

1.6 In these Financial Regulations, reference to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of Section 27 of the Audit Commission 1998 and then in force.

1.7 In these Financial Regulations the term 'proper practice' or 'improper 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 the NALC and SLCC and updated from time to time.

2. ANNUAL ESTIMATES (BUDGET)

2.1 The RFO shall formulate and submit proposals to the Council in respect of revenue and capital, including the use of reserves and sources of funding for the following financial year not later than the end of November 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 The Council shall prepare a budget in accordance with the following timetable:

- prepare a draft budget for the following financial year at its meeting in September.
- prepare a final budget for the following financial year for consideration and approval at its meeting in November.
- prepare the precept for agreement and signing on behalf of the Council by the date required by Breckland District Council.

The RFO shall supply each member with a copy of the draft and final budgets.

2.4 The annual budget forms the basis of financial control for the ensuing year.

2.5 The Council shall consider the need for and shall have regard to a three year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual budget.

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 for that class of expenditure. 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 regularly provides the Council with a statement of receipts and payments to date under each head of the budget, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are prepared at least at the end of each financial quarter.

3.4 The clerk may incur expenditure on behalf of the Council after consultation with the Chairman, or in his absence the Vice Chairman, which is necessary to carry out the 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 shall report the action to the Council as soon as practicable thereafter.

3.5 Unspent provisions in the revenue 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 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 be responsible for completing the annual financial statements of the Council, including the 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 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 2003 as amended, or set by the auditor.

4.4 The RFO shall be responsible for ensuring that there is an 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 2003 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 annually by the Council and shall carry out the work required by the Council in accordance with proper practices.

4.6 The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the Council in writing, or in person, on a regular basis with a minimum of two annual written reports in respect of each financial year. 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.

4.7 The Internal Auditor shall reassure himself that the risk of fraud being committed has been adequately covered in the Risk Assessment.

4.8 The Council shall ensure that Internal Audit work has been carried out ethically, with integrity and objectivity and that it has been planned and tested throughout the year.

4.9 The RFO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers required by the Accounts and Audit Regulations (2003) and Accounts and Audit (Amendment) (England) Regulations 2006, and for the display or publication of any Notices and statements of account required by the Audit Commission Act 1998 and the Accounts and Audit Regulations.

4.10 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.

4.11 Each year the Council shall arrange for a review of the systems of internal control. The results of the review are to be reported to and considered by a full meeting of the Council. The review needs to be completed prior to the completion of the Statement of Assurance in the Annual Return.

5. BANKING ARRANGEMENTS AND CHEQUES

5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council. These shall be annually 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 the Council. If the schedule is in order it shall be authorised by resolution of the Council and shall be initialed by the Chairman of the meeting. If more appropriate, the detail may be shown in the minutes of the meeting.

5.3 Two members of the Council shall sign cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4

5.4 To indicate agreement of the details shown on the cheques or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil and voucher.

5.5 Transfers of funds between the Community Account and Savings Account need not be authorised at Council Meetings. The RFO shall be authorised to move funds as dictated by circumstances.

6. PAYMENT OF ACCOUNTS

6.1 All payments shall be effected by cheques or other order drawn on the Council's bankers.

6.2 All invoices shall be examined, verified and certified by the RFO. The RFO shall satisfy himself 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 of interest under the Late Payment of Commercial Debts (Interest) Act 1998 and the due date for payment is before the next scheduled Meeting of the Council, where the RFO certifies that there is no dispute or other reason to delay payment, the RFO may (not withstanding paragraph 6.3) take all steps necessary to settle such invoices provided that a list of 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 (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.

7. PAYMENT OF SALARIES

7.1 As an employer, the Council shall make arrangements to meet fully the statutory requirements 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 all salaries 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 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 the 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 and under the supervision of the 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 and notified to the RFO. 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 annually, following a report of the RFO.

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.

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.

9.8 The RFO shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with the VAT Act 1994 section 33 shall be made at least annually coinciding with the end of the financial year.

9.9 Where any significant sums of cash are 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 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. 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 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.

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 and 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 contracts are laid down as follows:

a. Every contract shall comply with these financial regulations and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to the following items.

(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.

(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 additional audit work of the External Auditor up to an estimated value of £250 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice Chairman of the Council).

(vi) for goods or materials proposed to be purchased that are proprietary articles and/or are only sold at a fixed price.

b. Where it is intended to enter into a contract exceeding £2,500 in value 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) the RFO shall invite tenders from at least three firms to be taken from the appropriate approved list.

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 to the Council.

d. 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 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 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 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 the minimum levels consistent with operational requirements.

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

14. ASSETS, PROPERTIES AND ESTATES

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 Accounts and Audit Regulations.

14.2 The continued existence of tangible assets shown in the Register shall be verified at least annually, in conjunction with a health and safety inspection of assets.

14.3 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.

15. INSURANCE

15.1 Following the annual risk assessment (as per Financial Regulation 15) the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

15.2 The RFO shall give prompt notification to the Council of all new risks or properties that 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. This will be reviewed annually.

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.

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 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 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 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. The Council shall review risk policy statements and consequential risk management arrangements 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. REVIEW OF FINANCIAL REGULATIONS

18.1 It is the duty of the Council to review the Financial Regulations of the Council from time to time. The clerk 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.

Agreed: February 2019.

Review: February 2020.