

## BROUGHTON AND DALBY PARISH COUNCIL

### 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 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 section 27 of the Audit Commission Act 1998 and then in force.

**1.6** 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** The Council shall formulate budget proposals 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 December 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 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.

### **3 BUDGETARY CONTROL**

**3.1** The RFO shall regularly provide the Council with a statement of receipts and payments to date.

**3.2** The Clerk 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 £250 in each instance.

**3.3** 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 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 by and shall carry out the work required by the council in accordance with proper practices. The Internal Auditor, will be competent and independent of the operations 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 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** A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO and presented to Council, together with the relevant invoices. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by two councillors the detail shown in the Minutes of the Meeting.

**5.3** Cheques drawn on the bank account shall be signed by any two members of Council. Alternatively, payments may be authorised for payment via internet banking. RFO to identify internet banking payments on the schedule. RFO to produce payment receipts from internet banking transactions.

**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 also initial the cheque counterfoil.

**5.5** Cheques or orders for payment shall not normally be presented for signature other than at a Council or committee meeting (including immediately before or after such a meeting). Any signatures obtained away from such meetings shall be reported to the Council at the next convenient meeting.

**5.6** No employee or Councillor shall disclose any PIN or password, relevant to the working of the Council or its bank accounts, to any person not authorised in writing by the Council.

**5.7** Regular back-up copies of the records on any computer shall be made and shall be stored securely away from the computer in question, and preferably off site.

**5.8** The Council, and any members using computers for the Council's financial business, shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used.

**5.9** Where internet banking arrangements are made with any bank, the Clerk shall be appointed as the Service Administrator. The bank mandate approved by the Council shall identify a number of Councillors who will be authorised to approve transactions on those accounts.

**5.10** The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk (for example for postage or minor stationery items) shall be refunded on a regular basis.

## **6 PAYMENT OF ACCOUNTS**

**6.1** All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk 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 Clerk 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 before the next scheduled Meeting of Council, where the Clerk and RFO certify that there is no dispute or other reason to delay payment, the Clerk may 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.

## **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 shall be as agreed by 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 by the RFO in the name of the Council. All 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 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/

**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** The Council will review all fees and charges annually, following a report of the Clerk.

**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** Personal cheques shall not be cashed out of money held on behalf of the Council.

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

## **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 by the RFO.

**10.2** The RFO is responsible for obtaining value for money at all times by ensuring as far as reasonable and practicable that the best available terms are obtained in respect of each transaction.

## **11 CONTRACTS**

**11.1** Where it is intended to enter into a contract exceeding £2000 excluding VAT in value for the supply of goods or materials or for the execution of works or specialist services the Clerk shall invite at least three tenders, but at least 2 to be obtained.

**11.2** 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.

**11.3** Such invitation to tender shall state the general nature of the intended contract and the Clerk 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 Clerk in the ordinary course of post.

**11.4** All sealed tenders shall be opened at the same time at the next appropriate meeting of the Council.

**11.5** If less than three tenders are received for contracts above £2000 excluding VAT 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.

**11.6** 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 INSURANCE**

**13.1** Following the annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

**13.2** The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

**13.3** 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.

**13.4** 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.

### **14 RISK MANAGEMENT**

**14.1** 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.

**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.

### **15 REVISION OF FINANCIAL REGULATIONS**

**15.1** It shall be the duty of the Council to review the Financial Regulations of the Council annually. 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.

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Date of review: 1 March 2021

Reference in PC Minutes:21/052