



# **ECCLESFIELD PARISH COUNCIL**

**-0-**

# **FINANCIAL REGULATIONS**

**February 2015**

# *Ecclesfield Parish Council*

## *Financial Regulations*

These Financial Regulations were adopted by the Council at its Meeting held on 5 March 2015.

### **1. GENERAL**

- 1.1 These financial regulations 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/RFO, under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.
- 1.3 The Clerk/RFO shall be responsible for the production of financial management information.

### **2. ANNUAL ESTIMATES**

- 2.1 Each Committee will aim to formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of January each year.
- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the Clerk/RFO.
- 2.3 The Council shall review the estimate not later than the end of January each year and shall fix the Precept to be levied for the ensuing financial year. The Clerk/RFO shall supply each member with a copy of the approved estimates.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Council shall have regard to a three year forecast of Revenue and Capital Receipts and Payments which shall be prepared at the same time as the annual Budget or Estimates.

### **3. BUDGETARY CONTROL**

- 3.1 Expenditure on revenue items may be incurred up to the amounts included in the approved budget.
- 3.2 No expenditure may be incurred which will exceed the amount provided in the Parish Council budget.
- 3.3 The Clerk/RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned.
- 3.4 The Clerk/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 £1,000. The Clerk/RFO shall report the action to the Council as soon as practicable thereafter.
- 3.5 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.
- 3.6 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.

### **4. ACCOUNTING AND AUDIT INSPECTION BY MEMBERS**

- 4.1 All accounting procedures and financial records shall be amended from time to time in accordance with the instructions received from the Council's External Auditors and the Audit Commission.
- 4.2 The Clerk/RFO shall be responsible for completing the annual financial statements of the Council 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 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 1996, or set by the Auditor.
- 4.4 The Clerk/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 15 of the Accounts and Audit Regulations 2006.

Any officer or member of the Council shall, if the Clerk/RFO or Internal Auditor requires, make available such documents of the Council which appear to the Clerk/RFO or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the Clerk/RFO or Internal Auditor with such information and explanation as the Clerk/RFO or Internal Auditor considers necessary for that purpose.

- 4.5 The Internal Auditor shall carry out the work required by the Clerk/RFO, or by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.6 The Council's Chairman and Chairman of the Finance Committee shall carry out an ongoing examination of financial transactions and record. They shall report to the Council's Finance Committee on a monthly basis on the results of their examinations.
- 4.7 The Clerk/RFO shall make arrangements for the opportunity for inspections of the accounts, books, and vouchers required by the Audit Commission Act 1998 section 15, the Accounts and Audit Regulations 1996 (as amended) and the Accounts & Audit (Amendment) (England) Regulations 2006.
- 4.8 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**

- 5.1 The Council's banking arrangements shall be made by the Clerk/RFO and approved by the Council. They shall be regularly viewed 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. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman of the Meeting. If more appropriate the detail may be shown in the minutes of the meeting.
- 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 members of Council. BACS or internet banking payments should also be authorised by two members signing the relevant schedule and invoice.

- 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 or relevant schedule.
- 5.5 Authority to transfer monies between the Council's bank accounts for cash-flow purposes is delegated to the Clerk/RFO. Before exercising that authority, the Clerk/RFO will consult with the Chairman of the Council and the Chairman of the Finance and Premises Committee. The extent of this delegation extends only to the Council's bank accounts existing on 1 August 2011 and specifically excludes the transfer of monies to any external source whatsoever.

This regulation will be reviewed:-

- a) When the Council changes bank accounts
- b) When the number or scope of the Council's bank accounts are altered
- c) When the office holder of the position of Clerk/RFO changes and
- d) From time to time as part of a general review of these Regulations.

Whenever money is transferred between bank accounts in accordance with this paragraph, the details will be reported to either the next meeting of the Council or the next meeting of the Finance and Premises Committee whichever occurs first.

- 5.6 Delegated powers given by the Full Council at their meeting on the 3 November 2011, be accepted by the Finance and Premises Committee to act upon financial and premises matters, when needed urgently, including all staffing matters i.e. appointment, induction, performance management, grievance, discipline and dismissal.
- 5.7 Delegated powers to be given to the Staffing Sub-Committee as approved by Full Council at their meeting on the 3 November 2011 to act upon urgent staffing matters i.e. appointment, induction, performance management, grievance and discipline.

## **6. PAYMENT OF ACCOUNTS**

- 6.1 All payments shall be effected by cheque or other order or BACS/internet banking transfer 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 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 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 certify that there is no dispute or other reason to delay payment, the Clerk/RFO may (notwithstanding para. 6.3) 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.
- 6.5 The Clerk/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 Clerk/RFO with a claim for reimbursement:
- a) The Clerk/RFO shall maintain an office cash float of £150 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.
  - c) Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to Council under 5.2 above.

## **7. PAYMENTS OF SALARIES**

- 7.1 The Clerk/RFO shall maintain an Imprest Account for all payroll and petty cash payments.
- 7.2 The Clerk/RFO shall submit a list of all such payments for the signatures of the Chair of Finance Committee and Council on a monthly basis.
- 7.3 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.
- 7.4 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.

## **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's Investment Policy, shall be in accordance with the Trustee Act 2000, and shall be reviewed on a regular basis (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 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 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 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 Clerk/RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Clerk/RFO considers necessary.
- 9.6 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 Clerk/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 on a quarterly basis . the last claim coinciding with the financial year end.

9.9 Where any significant sums of cash are regularly received by the Council, the Clerk/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 in appropriate. Copies of orders shall be retained.

10.2 Order books shall be controlled by the Clerk/RFO.

10.3 All members and Officers are responsible for obtaining value for money as all times. An officer issuing an official order is to 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, subject to any de minimis provisions in Regulation 11 (l) below.

10.4 The Clerk/RFO shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the Clerk/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 items (i) to (vi) below:

(i) for the supply of gas, electricity, water, sewerage 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 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 additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the Clerk/RFO shall act after consultation with the Chairman and Vice Chairman of Council);



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

(b) Where it is intended to enter into a contract exceeding £10,000 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 Clerk/RFO shall invite tenders from at least three firms to be taken from the appropriate approved list if any.

(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) Such invitation to tender shall state the general nature of the intended contract and the Clerk/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 Clerk/RFO in the ordinary course of post. Each tendering firm shall be supplied with a specifically 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 Clerk/RFO in the presence of at least one member of Council.

(f) If less than three tenders are received for contracts above £10,000 or if all tenders are identical the Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.

(g) Any invitation to tender issued under this regulation shall contain a statement to the effect of current Standing Orders

(h) When it is to enter into a contract less than £10,000 in value for the supply of goods, materials works or specialist services as are excepted as set out in paragraph (a) the Clerk/RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1,000 and above £500 the Clerk/RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.

(i) 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 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 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 Clerk/RFO shall be responsible for periodic checks of stocks and stores at least annually.

### **14. 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 Regulation 4(3)(b) of the Accounts and Audit Regulations 1996 amended.
- 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.

### **15. INSURANCE**

- 15.1 Following an annual risk assessment, the Clerk/RFO shall effect all insurances and negotiate all claims on the Council's insurers (in consultation with the Council).

- 15.2 The Clerk/RFO shall give prompt notification to the Council of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The Clerk/RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 15.4 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.
- 15.5 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 Clerk/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 Clerk/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 Clerk/RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 17.2 When considering any new activity the Clerk/RFO shall prepare a draft Risk Management policy for the activity and shall bring a draft addressing the legal and financial liabilities and Risk Management issues that arise to Council for consideration and, if thought appropriate, adoption.

## **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.

- 19. **THE ACCOUNTS & AUDIT REGULATIONS 2003 (AS AMENDED) AND THE ACCOUNTS & AUDIT (AMENDMENT) (ENGLAND) REGULATIONS 2006** are deemed to be an integral part of the Council's Financial Regulations. All rules and procedures in these regulations shall be followed by the Council.

\* \* \* \* \*