

GIRTON PARISH COUNCIL FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its Meeting held on 17th June 2009.

In the event of conflict between these Financial Regulations, and the Council's Standing Orders, these Regulations shall take precedence.

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 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 currently 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 Each Committee 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 liaison with the Clerk, and Chairmen of Committees 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.
- 2.4 The annual budget shall form 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 item in the approved budget.

New Section 3.2 added 16 Dec 2009

- 3.2. The Clerk may place a contract for goods and/or services approved by a Committee of the Council up to the value of £1000 for any single project provided that:

- (1) The project and its expenditure have been approved by the Council in the annual budget;
- (2) The specification for the contract has been approved by the relevant Committee;
- (3) The Committee is satisfied that the contract constitutes good value for money; this will normally be through seeking quotations from three sources for projects above £500 though the Committee is not obliged to accept the lowest or any tender;
- (4) The Clerk liaises with the Chairman of the Committee over the appropriateness of the Contractor(s).

For all values over £1000 the Committee must approve the contractor on the basis of three quotations provided by the Clerk prior to the commitment being agreed by the full Council. The lowest value quotation need not necessarily be accepted.

- 3.3 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that item. During the budget year and with the

approval of 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.

- 3.4 The 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 shown in the budget. These statements are to be prepared at least at the end of each financial quarter.
- 3.5 The Clerk or 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 Clerk shall report the action to the Chairman of Council, or Vice Chairmen as soon as practicable thereafter. The Clerk or RFO may incur expenditure on behalf of the Council for routine maintenance, supplies, and consumables in total not exceeding £250 prior to the next payment authorisation. The RFO will mark such expenditure as “running costs”.

New section 3.6 added 17 Feb 2010

- 3.6 European Union Public Sector Procurement Rules:
EU Procurement thresholds from 1st Jan 2010 are:
£156,442 for services and supplies,
£3,927,260 for works.
Advice should be sought for projects at these levels.
- 3.7 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.
- 3.8 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.
- 3.9 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 an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. 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 Clerk acting on the instructions of the Council, 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. 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, 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. Such schedule may be verified in advance of the meeting by a councillor or councillors who shall report

to the meeting. The detail will be shown in the Minutes of the Meeting that are published on the Council noticeboard on The Pavilion, and on the village's website.

- 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. These should be four authorised councillors only one of whom should be the Chairman, or Deputy Chairman.
- 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.

6 PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by cheque.
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself with the assistance of Councillors as appropriate 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 with the help of the Assistant to the Clerk and Clerk shall take all steps to settle all invoices submitted 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 and RFO certify that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that they notify the Chairman and Deputy Chairman and an appropriate list of such payments shall be submitted to the next appropriate Meeting of 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 Clerk, RFO or Assistant to the Clerk (for example for postage or minor stationery items) shall be refunded on a regular basis, at least quarterly.
- 6.6 Payments of electricity and telephone bills may be made by the RFO in advance of Parish Council meetings subject to the electricity bill being checked against the meter reading; two authorised Councillors signing the cheques; and payments being reported to the next meeting of the 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 The Council shall consider the need for loans, and 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.
- 8.2 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.
- 8.3 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. 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, notified to the RFO and 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 by the Chairman of the Sports & Recreation Committee.
- 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 but no later than one week after receipt.
- 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. Personal cheques shall only be accepted for payment of bills due to the Council if supported by a Bankers Guarantee Card.
- 9.8 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.
- 9.9 Where sums of cash above £20 are received by the Council, the RFO, or Clerk, or the Assistant to the Clerk shall ensure more than one person is present when the cash is counted and recorded as received; 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 on the authority of the Clerk 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 in an Order Book.
- 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. Committees should as far as possible advise the Clerk on the specification of the works it has approved, or recommended including requirements for copies of test certificates, references etc. 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, subject to any de minimis provisions in Regulation 11 (I) below.
- 10.4 The Clerk shall advise on statutory powers available to proceed with any new works or purchases and shall ensure these are recorded in the Minutes of the appropriate Meeting.

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 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 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 and RFO shall act after consultation with the Chairman and Vice Chairman of Council);
 - (vi) for goods or 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 major contract exceeding £50,000 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 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) 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. 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.
- (f) All sealed tenders shall be opened at the prescribed date and time by the Clerk in the presence of at least one member of Council.
- (g) If fewer than three tenders are received for contracts above £10,000 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.
- (h) When it is proposed to enter into a contract less than £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 the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below £1000 and above £500 the Clerk or 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 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 officers in charge of stores and equipment of each section shall be responsible for their care and custody of stores and equipment in that section.

13.2 Stocks shall be kept at the minimum levels consistent with operational requirements, and re-orders identified in the quarter prior to use, prompted by a standard item on the Sports & Recreation Committee agenda, and notified to the Clerk to enable expenditure approval to be gained from the appropriate Committee.

13.3 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.

13.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually, and assisted in this duty by a Member of the Council.

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 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 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, with the assistance of a Member of the Council.

15 INSURANCE

15.1 Following the annual risk assessment (per Financial Regulation 17), the Clerk in consultation with the RFO shall effect all insurances and negotiate all claims on the Council's insurers.

15.2 The Clerk shall give prompt notification to the RFO of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.

15.3 The RFO shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review these with the Clerk.

15.4 The RFO or Clerk 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 and 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 and 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 Clerk with the RFO shall prepare, for approval by the Council, an annual risk management policy statement in respect of all activities of the council. Risk and consequential risk

management activity shall be taken forward by Committees as part of their business planning, and decision process.

- 17.2 When considering any new activity, Committees shall prepare a risk assessment including risk management proposals for consideration and adoption by the Council.

18 REVISION OF FINANCIAL REGULATIONS

- 18.1 It shall be the duty of the Council to review the Financial Regulations of the Council every twelve months at the beginning of the new financial year. 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.

Notes:

The list referred to in paragraph 11.1 (b) shall be a list drawn up by the Clerk and approved by Council but shall be based on the list maintained by the District Council for such works.

Supplementary regulations:

1. X The Council's system of internal control shall cover:
- a. Appointment of Proper Officers and the Responsible Finance Officer
 - b. Proper book-keeping and financial reporting arrangements
 - c. Financial Regulations including Standing Orders and payment controls
 - d. Risk management arrangements
 - e. Budgetary controls
 - f. Income controls
 - g. Payroll controls
 - h. Capital controls covering asset management, investments and borrowing
 - i. Bank reconciliation
 - j. Other areas identified from time to time in risk assessments.
1. Y In order to promote efficiency, economy and effectiveness, the Council may establish committees for Finance and/or Audit and/or Scrutiny under terms of reference specifying the objectives of the committee, its membership, limitation of scope and functions of the council which are to be delegated.
- 1.Z The accounting records determined by the RFO shall be sufficient to show the Council's transactions and to enable the RFO to ensure that any income and expenditure account, statement of balances or record of receipts and payments and additional information to be provided

or management information requested by the council from time to time, as the case may be, comply with the Accounts and Audit Regulations.

The accounting records determined by the RFO shall in particular contain:

- a: entries from day to day of all sums of money received and expended by the council and the matters to which the income and expenditure or receipts and payments account relate
- b: a record of the assets and liabilities of the council, and
- c: wherever relevant, a record of the councils income and expenditure in relation to claims made, or to be made, for any contribution, grant or subsidy.

1.XX The accounting control systems determined by the RFO shall include:

- a: procedures to ensure that the financial transactions of the Council are recorded as soon as reasonably practicable and as accurately and reasonably as possible, procedures to enable the prevention and detection of inaccuracies and fraud and the ability to reconstruct any lost records
- b: identification of the duties of Officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions
- c: procedures to ensure that uncollectable amounts, including any bad debts are not submitted to the Council for approval to be written off except with the approval of the RFO and that the approvals are shown in the accounting records, and
- d: measures to ensure that risk is properly managed.