

## **RUFFORTH WITH KNAPTON PARISH COUNCIL**

### **FINANCIAL REGULATIONS**

These Financial Regulations were adopted by the Council at its Meeting held on 14 May 2018 (minute item 093 refers).

#### **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 shall be the Responsible Financial Officer.
- 1.3 The Clerk shall be responsible for the proper administration of the Council's affairs, under the policy direction of the Council.
- 1.3 The Clerk shall be responsible for the production of financial management information.

#### **2. ANNUAL ESTIMATES**

- 2.1 The Council shall formulate proposals in respect of revenue and capital costs for the following financial year not later than the end of November each year.
- 2.2 The Clerk shall prepare draft detailed estimates of all receipts and payments for the following financial year for consideration at the January Council Meeting.
- 2.3 At the January Council Meeting, the Council shall review the estimates and shall fix the Precept to be levied for the ensuing financial year. The Clerk 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.

#### **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 revenue budget (except for 3.4 below), unless a virement has been approved by the Council.
- 3.3 At each Council Meeting, the Clerk shall provide the Council with statements of



receipts and payments to date under each head of the budgets, comparing actual expenditure against that planned and including a forecast of expenditure to the end of the financial year.

- 3.4 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 **£500**. The Clerk 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.
- 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 as required by the Accounts and Audit Regulations 1996 as amended.
- 4.2 The Clerk 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 shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the External 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 as amended, or set by the External Auditor.
- 4.4 The Clerk 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 1996 as amended. Any Officer or Member of the Council shall, if the Clerk or Internal Auditor requires, make available such documents of the Council which appear to the Clerk or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the Clerk or Internal Auditor with such information and explanation as the Clerk or Internal Auditor considers necessary for that purpose.
- 4.5 The Internal Auditor shall carry out the work required by the Clerk or 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's External Auditor. The Internal Auditor, who shall be competent and independent of the operations of

the Council, shall report to Council in writing each financial year.

- 4.6 The Clerk shall make arrangements for inspection of the accounts, books, and vouchers as required by the Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1996 as amended.
- 4.7 The Clerk 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 shall be made by the Clerk and approved by the Council. They shall be reviewed at least once a year for efficiency.
- 5.2 A schedule of the payments required, shall be prepared by the Clerk and, together with the relevant invoices, be presented to Council at each meeting. The detail is to 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.
- 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 or other order drawn on the Council's bankers.
- 6.2 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 Clerk shall examine invoices in relation to arithmetic accuracy and shall allocate 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 to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998 or to procure attendance at a conference, training session or similar, previously agreed by the Council, and the due date for payment is before the next scheduled Council Meeting, provided the Clerk certifies that there is no dispute or other reason to delay payment, he/she may (notwithstanding para 6.3) take all steps necessary to settle such invoices. The

Clerk shall submit a list of such payments to the next appropriate Council Meeting.

- 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 (for example for postage or minor stationery items) shall be refunded on a regular basis, at each Council Meeting.

## **7. PAYMENT OF SALARIES**

- 7.1 The payment of all salaries shall be made in accordance with NALC pay scale and salaries shall be as agreed by Council. Each monthly payment of those salaries shall be 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 Clerk 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.

## **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.
- 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 and the Clerk 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.
- 9.4 Any sums found to be irrecoverable shall be reported to the Council and shall be written off in the financial year.



- 9.5 All sums received on behalf of the Council shall be banked intact as directed by the Clerk. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Clerk considers necessary.
- 9.6 The origin and reason for 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 shall promptly complete any VAT Return that is required. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made as soon as practicable on a regular basis.
- 9.9 Where any significant sum of cash is received by the Council, the Clerk 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 Clerk.
- 10.3 All Members and Officers are responsible for obtaining value for money at 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 11.1 below.
- 10.4 The Clerk 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 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 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 service;
  - (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 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.

11.2 When it is to enter into a contract for more 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 as are excepted as set out in paragraph 11.1, the Clerk shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below **£10,000** and above **£1,000** the Clerk shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 above shall apply.

11.3 The Council shall not be obliged to accept the lowest of any tender, quote or estimate.

## **12. PAYMENTS UNDER CONTRACTS 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 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 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 by 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 the Clerk should notify the Contractor in writing. The Council should be informed where the final cost is likely to exceed the financial provision.

## **13. PROPERTIES AND ESTATES**

13.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Clerk 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 as amended.

- 13.2 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. INSURANCE**

- 14.1 Following an annual risk assessment, the Clerk shall effect all insurances and negotiate all claims on the Council's insurers.
- 14.2 The Clerk shall ensure that all new risks, properties or vehicles which require to be insured are added to existing insurance.
- 14.3 The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 14.4 The 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.
- 14.5 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.

## **15. RISK MANAGEMENT**

- 15.1 The Clerk shall prepare and maintain risk management policy statements in respect of all activities of the Council including the Burial Grounds.

## **16. REVISION OF FINANCIAL REGULATIONS**

- 16.1 It shall be the duty of the Council to review these Regulations whenever there is a material change to the activities of the Council and at least every two years.