



COLD ASHBY PARISH COUNCIL FINANCIAL REGULATIONS 2014

ITEM	DESCRIPTION	PAGE NUMBER
1	General	2
2	Annual Estimates/Budget	2
3	Budgetary Control	3
4	Accounting and Audit	4
5	Banking Arrangements and Cheques	5
6	Payment of Accounts	5
7	Payment of Salaries	6
8	Loans and Investments	6
9	Income	7
10	Orders for Work, Goods and Services	7
11	Contracts	8
12	Stores and Equipment	8
13	Assets, Properties and Estates	9
14	Insurance	9
15	Charities	9
16	Risk Management	10
17	Revision of Financial Regulations	10

1. GENERAL

- 1.1 These financial regulations govern the conduct of financial management by the Parish Council and may only be amended or varied by resolution of the Parish Council. The Parish Council is responsible in law for ensuring that its financial management is adequate and effective and that the Parish Council has a sound system of financial control which facilitates the effective exercise of the Parish 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 Parish Council meets these responsibilities.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Parish Council. [The Clerk has been appointed as RFO for this Parish Council and these regulations will apply accordingly.] The clerk, acting under the policy direction of the Parish Council, shall administer the Parish Council's financial affairs in accordance with proper practices. The clerk shall determine on behalf of the Parish Council its accounting records, and accounting control systems. The clerk shall ensure that the accounting control systems are observed and that the accounting records of the Parish Council are maintained and kept up to date in accordance with proper practices.
- 1.3 The clerk shall produce financial management information as required by the Parish Council.
- 1.4 At least once a year, prior to approving the annual return, the Parish 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 Each Committee (if any) shall formulate and submit proposals to the Parish 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 clerk in the form of a budget to be considered by the Parish Council.

- 2.3 The Parish Council shall review the budget not later than the end of November each year and shall fix the Precept to be levied for the ensuing financial year. The clerk shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 2.4 The annual budgets shall form the basis of financial control for the ensuing year.
- 2.5 The Parish 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 Parish 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 clerk shall regularly provide the Parish Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared at least at the end of each financial quarter.
- 3.4 The clerk may incur expenditure on behalf of the Parish 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. The clerk shall report the action to the Parish Council as soon as practicable thereafter.
- 3.5 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 Parish 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 Parish 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 Parish Council's standing orders and financial regulations relating to contracts.

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of the Parish Council shall be determined by the clerk in accordance with the Accounts and Audit Regulations.
- 4.2 The clerk shall complete the annual financial statements of the Parish Council, including the Parish Council's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Parish Council.
- 4.3 The clerk shall complete the Accounts of the Parish 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 Parish Council within the timescales set by the Accounts and Audit Regulations.
- 4.4 The clerk shall ensure that there is adequate and effective system of internal audit of the Parish Council's accounting, financial and other operations in accordance with proper practices. Any officer or member of the Parish Council shall, if the clerk or Internal Auditor requires, make available such documents of the Parish 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 be appointed by and shall carry out the work required by the Parish Council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Parish Council, shall report to Parish 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 Parish Council.
- 4.6 The clerk 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 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 Parish Council's banking arrangements, including the Bank Mandate, shall be made by the clerk and approved by the Parish 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 clerk and, together with the relevant invoices, be presented to the Parish Council. If the schedule is in order it shall be authorised by a resolution of the Parish 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 the Parish Council and countersigned by the Clerk. Payments may also be made using the Banks Automated Clearing system (Bacs) 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 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 Parish 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 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 Parish 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 the Parish Council, where the clerk certifies that there is no dispute or other reason to delay payment, the clerk may (notwithstanding paragraph 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 the Parish Council.
- 6.5 The Parish 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 least quarterly.

- 6.6 If thought appropriate by the Parish Council, payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two members and any payments are reported to the Parish Council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Parish Council at least every two years.

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 the Parish 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 Parish Council Meeting.

8. LOANS AND INVESTMENTS

- 8.1 All loans and investments shall be negotiated in the name of the Parish Council and shall be for a set period in accordance with Parish Council policy.
- 8.2 The Parish 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 Parish Council shall be in the name of the Parish Council.
- 8.4 All borrowings shall be effected in the name of the Parish Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by Parish 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 clerk.

9. INCOME

- 9.1 The collection of all sums due to the Parish 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 Parish Council, notified to the clerk and the clerk shall be responsible for the collection of all accounts due to the Parish Council.
- 9.3 The Parish 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 Parish Council and shall be written off in the year.
- 9.5 All sums received on behalf of the Parish Council shall be banked intact as directed by the clerk. In all cases, all receipts shall be deposited with the Parish Council's bankers with such frequency as the clerk 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 Parish 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 at least annually coinciding with the financial year end.
- 9.9 Where any significant sums of cash are regularly received by the Parish Council, the clerk shall take such steps as are agreed by the Parish 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 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 (l) 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 Procedures as to contracts are laid down as follows:

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 (vii) 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 Parish 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 the Parish Council);
- (vi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- (vii) for any order for goods and services with a value of less than £1000

12. STORES AND EQUIPMENT

- 12.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 12.2 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.
- 12.3 Stocks shall be kept at the minimum levels consistent with operational requirements.

- 12.4 The clerk shall be responsible for periodic checks of stocks and stores at least annually.]

13. ASSETS, PROPERTIES AND ESTATES

- 13.1 The clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Parish Council. The clerk shall ensure a record is maintained of all properties owned by the Parish 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.
- 13.2 No property shall be sold, leased or otherwise disposed of without the authority of the Parish 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.
- 13.3 The clerk 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, possibly in conjunction with a health and safety inspection of assets.

14. INSURANCE

- 14.1 Following the annual risk assessment (per Financial Regulation 16), the clerk shall effect all insurances and negotiate all claims on the Parish Council's insurers.
- 14.2 The clerk shall give prompt notification of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 14.3 The clerk shall keep a record of all insurances effected by the Parish 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 Parish Council at the next available meeting.
- 14.5 All appropriate employees of the Parish Council shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by the Parish Council.

15. CHARITIES

- 15.1 Where the Parish Council is sole trustee of a Charitable body the clerk 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 shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

16. RISK MANAGEMENT

- 16.1 The Parish Council is responsible for putting in place arrangements for the management of risk. The clerk shall prepare, for approval by the Parish Council, risk management policy statements in respect of all activities of the Parish Council. Risk policy statements and consequential risk management arrangements shall be reviewed by the Parish Council at least annually.
- 16.2 When considering any new activity, the clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the Parish Council.

17. REVISION OF FINANCIAL REGULATIONS

- 17.1 It shall be the duty of the Parish Council to review the Financial Regulations of the Parish Council from time to time. The clerk shall make arrangements to monitor changes in legislation or proper practices and shall advise the Parish Council of any requirement for a consequential amendment to these financial regulations.

These financial regulations were adopted by the Parish Council on 4th June 2014