

MYDDLE AND BROUGHTON PARISH COUNCIL

FINANCIAL REGULATIONS

1. GENERAL:

- 1.1 These financial regulations govern the conduct of financial management by Myddle and Broughton Parish 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 there is 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 Finance Officer is a statutory office and shall be appointed by the Council. The Clerk has been appointed to this role and these regulations apply accordingly. The Responsible Finance Officer (RFO), acting under the policy direction of the Council shall administer the Councils 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 practice.
- 1.3 The RFO shall produce financial management information as required by the Council.
- 1.4 At the July meeting, 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 if force.
- 1.6 In these financial regulations the term proper practice or proper practices shall refer to guidance issued in Government and Accountability in local Councils in England and Wales.

2. ANNUAL ESTIMATES (BUDGET)

- 2.1 Council Members shall formulate and submit proposals in respect of revenue and capital including the use of reserves and other sources of income for the following year, for consideration at the November meeting

- 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 at the January meeting.
- 2.3 The Council shall review the budget at the January meeting and shall fix the Precept to be levied for the ensuing financial year. Th RFO shall issue the precept to Shropshire Council and shall provide each Member with a copy of the 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 will be prepared at the same time as the budget.

3. BUDGETRY CONTROL

- 3.1 Expenditure on revenue items may be included 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 the Council having considered the implications for public services, may move unspent amounts to other budget headings or to an earmarked reserve.
- 3.3 The RFO shall maintain a monthly record of expenditure, which will be made available to Councillors and will produce a mid-year statement for consideration at the September meeting. This will provide the Council with a statement of receipts and payments to date under the head of each budget, comparing actual expenditure against that planned, as shown in the budget. At each Council meeting an up to date financial statement will be tabled. This statement will give the following details:
 - (a) Previous month's transactions
 - (b) Balance in current and high interest account
 - (c) Details of any cheques not cleared
 - (d) Proposed expenditure in current month
 - (e) Overall balance carried forward.
- 3.4 The Clerk may incur expenditure on behalf of the Council which is necessary to carry out repair or replacement work, which is of such extreme urgency that it must be done at once, subject to a limit of £300.00. The Clerk shall report the action to the Council as soon as practicable thereafter. Normally this will be discussed with the Chairman or in his absence the Vice Chairman.

- 3.5 Unspent provisions in the revenue budget shall be placed in an earmarked reserve by resolution of the 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 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 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 appointed auditor) and shall submit the annual return for approval and authorisation by the Council, within the time scale 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.
- 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, who shall be competent and independent of the operations of the Council, shall report to the Council in writing or in person, 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 vouchers and relevant documents and for the display or publication of any Notices and statements of account required by the 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. The current bank is the Yorkshire Bank.
- 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 the 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 and 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 authorised members of the Council
- 5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice, 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 himself 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 regard to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. Steps shall be taken to settle all submitted invoices and which are in order at the next available Council Meeting.
- 6.4 If 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 Council and where the Clerk/RFO certifies there is no dispute or other reason to delay payment the Clerk may (notwithstanding para 6.3) take all necessary steps to settle such invoices, provided that a list of such payments shall be submitted to the next appropriate meeting of the Council.
- 6.5 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made by the Clerk/RFO (for example postage, telephone, travel or stationary items) shall be refunded on a regular basis at each

Council meeting. Details will be provided to the Council and once approved signed by the Chairman.

- 6.6 If thought appropriate by the Council, payment for utility supplies may be made by variable direct debit, provided that the instructions are signed by two Members and any payments are reported to Council as made. The approval of the use of this facility shall be renewed by resolution of the Council at least every two years.

7. PAYMENT OF SALARIES and PETTY CASH PAYMENTS

- 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.
- 7.3 The Council does not hold a petty cash fund but has an agreement to pay the Clerk any out of pocket expenses incurred between meetings. This includes payment for postage at the current rate, telephone calls at 20p per call, travelling expenses at the agreed National rate, 50% of broadband costs and repayment of office consumables on production of a valid receipt.

Council Members will be entitled to claim postage, telephone and travelling costs where they have been incurred for Council business.

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 time in accordance with Council policy.
- 8.2 The 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 annually.
- 8.3 All investments of money under the control of the Council shall be in the name of the Council.
- 8.4 All borrowing 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 borrowing 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/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, 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 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 All sums received by the Council shall be banked intact by the RFO. In all cases receipts shall be deposited with the bankers with such frequency as the 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 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 as 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.

- 10.2 Orders shall be controlled by the RFO.

- 10.3 All Members and the Clerk are responsible for obtaining value for money at all times. Official orders shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction, usually by obtaining at least three quotations or estimates from appropriate suppliers, subject to any de minimis provisions in Regulation 11 (1) below.

- 10.4 The 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 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 (iv) below:
for the supply of gas, electricity, water, sewerage and telephone services;
- (i) for specialist services such as provided by solicitors, accountants, surveyors and planning consultants;
 - (ii) for work to be executed or goods or materials to be supplied which consist of repairs to or parts for existing machinery, equipment or plant;
 - (iii) For work to be executed or goods or materials supplied which constitute an extension to an existing contract by the Council;
 - (iv) For additional audit work of the External Auditor up to an estimated value of £200.
 - (v) For goods or materials to be purchased which are proprietary articles and/or only sold at a fixed price.
- (b) Where it is intended to enter into a contract exceeding £5,000 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 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 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.
- (e) The Clerk in the presence of at least one Councillor shall open all sealed tenders at the same time on the prescribed date.

- (f) If less than three tenders are received for contracts above £5,000 or if all the tenders are identical, the Council may make such arrangements, as it thinks fit for producing 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 Standing Orders item 15.
- (h) When it is to enter into a contract of less than £5,000 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 obtain three quotations (priced descriptions of the proposed supply). Where the value is below £1,000 and above £200 the Clerk shall strive to obtain three estimates. Otherwise Regulation 10(3) above shall apply.
- (i) The Council is not obliged to accept the lowest of any tender quote or estimate.

12. INSURANCE

- 12.1 Following the annual risk assessment carried out at the May meeting (per Financial Regulation 12), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 12.2 The Clerk/RFO shall keep a record of all the insurances effected by the Council and the property and risks covered thereby and review it annually.
- 12.3 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 the Council at the next available meeting.
- 12.4 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.

13 RISK MANAGEMENT

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

14. REVISION OF FINANCIAL REGULATIONS

- 14.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. 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.

Regulations issued in May 2000 and revised in September 2009

J. Wilson
Parish Clerk/RFO