

# CARLTON PARISH COUNCIL

## FINANCIAL REGULATIONS

### 1. GENERAL

- 1.1 These financial regulations govern the conduct of financial management by Carlton Parish Council and may only be amended or varied by resolution. 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 meet these requirements.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the council. The Clerk has been appointed as RFO for Carlton Parish 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, shall ensure that the accounting control systems are observed and that accounting records are maintained and kept up to date.
- 1.3 The RFO shall produce financial management information as required by the council.
- 1.4 The council shall conduct a review of the effectiveness of its system of internal control at least once in each financial year.
- 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 the current version of Governance and Accountability in Local Councils in England and Wales – a Practitioners' Guide published jointly by NALC and SLCC.

### 2. ANNUAL BUDGET

- 2.1 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.
- 2.2 The Council shall review the budget not later than the end of January 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.
- 2.3 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 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 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 RFO shall carry out a reconciliation of the current bank account within one week of the receipt of the monthly statement, for checking by a Member of the Council who shall sign the bank statement if the reconciliation is agreed and immediately report the matter to all Members if the reconciliation is not agreed.
- 3.4 The RFO shall provide the Council with a quarterly statement of receipts and payments to date, together with a bank reconciliation supported by original bank statements.
- 3.5 The Clerk may authorise expenditure on behalf of the Council which is necessary to carry out any 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 possible.
- 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.

#### **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 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 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 Council at least once in 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 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.

## **5. BANKING ARRANGEMENTS AND CHEQUES**

- 5.1 The Council's banking arrangements shall be made by the RFO, approved by the Council and reviewed regularly.
- 5.2 All payments shall be authorised by resolution. Where estimates have been approved by resolution, the RFO may arrange payment of the invoice providing that the amount is in reasonable accordance with the estimate.
- 5.3 Every cheque and request to transfer funds shall be signed by two 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 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 RFO.
- 6.3 The Council will not maintain any form of cash float, and all cash received must be banked intact as soon as possible after receipt.
- 6.4 A written record of expenses incurred by the Clerk shall be kept, shall include till receipts for any items costing more than £20, and shall be submitted to the Council for approval.
- 6.5 Payment for utility supplies may be made by variable Direct Debit provided that all payments are reported to the Council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the 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 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 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 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 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 periodically as necessary.
- 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 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 shall review all fees and charges annually.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off.
- 9.5 All sums received on behalf of the Council shall be banked intact as soon as possible after receipt.
- 9.6 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.7 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.

## **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 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.
- 10.3 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order. In the case of new or infrequent purchases or payments, the RFO shall ensure that the statutory authority is 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 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.
- 11.2 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 11.1 the Clerk shall invite tenders from at least three firms. Where possible these firms shall be approved contractors from the list maintained by the District Council for such works.
- 11.3 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.
- 11.4 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.
- 11.5 All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of Council.
- 11.6 If less 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.
- 11.7 When it is 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 as are excepted as set out in paragraph 11.1 the Clerk or RFO shall strive to obtain 3 quotations (priced descriptions of the proposed supply); where the value is less than £1,000 the Clerk or RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10 (1-3) above shall apply.
- 11.8 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 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 notified by the Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

## **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 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.
- 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 £100.
- 13.3 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The Register shall be verified annually.

## **14 INSURANCE**

- 14.1 The Council shall review all insurance policies and the property and risks covered by them at least once a year.
- 14.2 The Clerk shall effect all insurances, keep a record of them, and negotiate all claims on the Council's insurers.
- 14.3 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 the Council at the next available meeting.
- 14.4 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.

## **15 RISK MANAGEMENT**

15.1 The Council is responsible for putting in place arrangements for the management of risk. The Clerk shall prepare risk management policy statements in respect of all activities for approval by the Council. Risk management arrangements shall be reviewed annually.

15.2 When considering any new activity, the Clerk shall prepare a draft risk assessment including risk management proposals for consideration and adoption by the council.

## **16 REVISION OF FINANCIAL REGULATIONS**

16.1 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.

**These Financial Regulations were adopted by Carlton Parish Council  
on 10th September 2014.**