

# COLTON PARISH COUNCIL

## Financial Regulations – As adopted at meeting on 5<sup>th</sup> February 2020

### 1. General

- 1.1 These financial regulations shall 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 responsible financial officer (RFO) under the policy direction of the council shall be responsible for the proper administration of the council's financial affairs.
- 1.3 The RFO shall be responsible for the production of financial management information.

### 2. Annual Estimates

- 2.1 The council shall formulate and agree proposals in respect of revenue expenditure and capital projects for inclusion in the rolling capital programme not later than the end of January each year.
- 2.2 Detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account, shall be prepared each year by the RFO.
- 2.3 The council shall review the estimates and consider these for adoption by the end of January, in each year and determine the precept to be levied for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year

### 3. Budgetary Control

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in each approved budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate revenue budget unless a virement has been approved by the council.
- 3.3 The RFO shall provide a monthly statement of receipts and payments under each budget head of the revenue and capital budgets.
- 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 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere within the council's approved budget, it shall be subject to the provisions of a supplementary estimate approved by the council.
- 3.6 No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on capital account unless the council are satisfied that it is contained in the rolling capital programme and that the necessary capital funds are available, or the requisite borrowing approval can be 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 as required by the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 4.2 The RFO shall be responsible for completing the annual accounts of the council as soon as practicable after the end of the financial year and shall submit them to and report thereon to the council.
- 4.3 As the council only employs one officer the duty of providing information, calculating, checking and recording sums due to, or from, the council, and the collecting and dispersing of them cannot be separated as completely as would be ideal. Therefore, one councillor shall be appointed with specific responsibility for internal audit, and shall request any or all of the financial records of the council for inspection at any reasonable time.
- 4.4 The RFO shall be responsible for completing the annual return and audit of accounts return upon receipt from the external auditor.
- 4.5 The parish council shall appoint an independent internal auditor, to review the accounts and accounting procedures as detailed on the annual return.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers required by Audit Commission Act 1998 or any superseding legislation, 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 nature

#### **5. Banking Arrangements and Cheques**

- 5.1 The council's banking arrangements shall be made by the RFO and approved by the council.
- 5.2 The agenda for each meeting shall include a schedule of invoices for payment and together with the relevant invoices etc. be presented to the council. If the schedule is in order it shall be authorised by resolution of the council.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in the previous paragraph shall be signed by any two councillors.

#### **6. Payment of Accounts**

- 6.1 Apart from any petty cash payments that may be required, all payment 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 issuing the order. Before certifying an invoice, the clerk shall be satisfied that the work, goods or services to which the invoice relates have been received, carried out, examined and approved
- 6.3 The clerk shall then check duly certified invoices for arithmetical accuracy and shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of receipt.
- 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 council, where the clerk certifies that there is no dispute or other reason to delay payment, the clerk may after liaising with the chairman (not withstanding paragraph 6.3) take all steps necessary to settle such invoices provided that a list of such payments is submitted to the next full meeting of the council.
- 6.5 The RFO may use petty cash for the purpose of defraying operational and other expenses.

- a. The RFO may maintain a petty cash float to a maximum of £50 for the purpose of defraying operational and other expenses. Receipts for payments made from petty cash shall be kept to substantiate the payment.
- b. Income received must not be paid into the petty cash float but must be separately banked, as provided elsewhere in these regulations.
- c. Payments to reimburse the petty cash float shall be shown separately on the schedule of the payment of money presented to the council in 5.2 above

## **7. Payment of Salaries and Wages**

- 7.1 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 council.
- 7.2 Payment of salaries and taxable expenses and payment of deductions from salary such as may be made for tax, national insurance and pension contributions, shall be paid in the month following and will be reported to and ratified by the full council after checking by the councillor responsible for finance.

## **8. Loans and Investments**

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the council, and shall be for a set period of time in accordance with the council policy. Changes to loans and investments should be reported to the council at the earliest opportunity.
- 8.2 All investments of money under the control of the council shall be in the name of the council.
- 8.3 All borrowings shall be effected in the name of the council.
- 8.4 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 the clerk.
- 9.2 The council will review all fees and charges annually, following a report of the clerk.
- 9.3 Any bad debts shall be reported by the clerk to the council.
- 9.4 All sums received on behalf of the council shall be banked intact by the RFO. In all cases all receipts shall be deposited with the council's bankers with such frequency as the RFO considers necessary.
- 9.5 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 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 A letter shall be issued for all work, goods and services unless a formal contract is to be prepared. Copies of all letters ordering works, goods or services should be retained.
- 10.2 The clerk is responsible for obtaining value for money at all times.

## **11. Contracts**

- 11.1 Procedures as to the contracts are laid down in the council's standing orders as follows:
- a. Every contract made by the council shall comply with these standing orders, and no exception from any of the following provision of these standing orders shall be made otherwise than by direction of the council except in the following cases: -
    - 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 to an estimated value of £250 (in excess of this sum the Clerk shall act after consultation with the Chairman of the Council).
    - vi. for goods or materials proposed to be purchased which are proprietary articles and/or which are sold only at a fixed price.
  - b. Where it is intended to enter into a contract: -
    - i. The council shall follow a 'best value policy' for all contractual works, and the minutes should record the decisions taken and the reasons
  - c. The council shall not be obliged to accept the lowest or any tender.

## **12. Stores and Equipment**

- 12.1 The clerk is responsible for making arrangements for the care and custody of stores and equipment.
- 12.2 Where appropriate the RFO shall be responsible for an annual check of all stocks and stores.

## **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 and 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 the 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 property does not exceed £50.

## **14. Insurance**

- 14.1 The RFO shall effect all insurances and negotiate all claims on the council's insurers.
- 14.2 Following the annual risk assessment, the RFO shall effect all insurances, and shall ensure that all new risks, properties or vehicles which require to be insured and any alterations affecting insurances are attended to and shall negotiate all claims on the council's insurers.
- 14.3 The RFO 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 RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.
- 14.5 All appropriate employees of the council shall be included in a suitable fidelity guarantee insurance.

**15. Risk Management**

- 15.1 The clerk shall be prepared and promote risk management policy statements in respect of all activities of the council.
- 15.2 When considering any new activity, the clerk shall prepare a draft risk management policy for the activity and shall bring a draft addressing the legal and financial liabilities and risk management issues that arise to the council for consideration and, if thought appropriate, adoption.
- 15.3 The council shall carry out a review of its financial risk assessment on an annual basis in accordance with the Accounts and Audit Regulations. The minutes shall record such review of the financial risks.

**16. Revision of Financial Regulations**

- 16.1 It shall be the duty of the council to review the financial regulations of the council annually.