



**Astley Village Parish Council**

# **FINANCIAL REGULATIONS**

## **1. General**

- 1.1 These financial regulations govern the conduct of the financial transactions of the Parish Council and may only be amended or varied by resolution of the Parish Council. Financial Regulations must be observed in conjunction with the Parish Council's Standing Orders.
- 1.2 The Parish Clerk is the Responsible Financial Officer for the Parish Council.
- 1.3 The Responsible Financial Officer (RFO), under the Policy direction of the Parish Council, shall be responsible for the proper administration of the Parish Council's financial affairs.
- 1.4 Deliberate or willful breach of these regulations by an employee may give rise to disciplinary procedures.
- 1.5. In these financial regulations, references to the Accounts and Audit Regulations or 'the regulations' shall mean the regulations issued under the provisions of section 27 of the Audit Commission Act 1998, or any superseding legislation, and then in force unless otherwise specified.

## **2. Annual Budget Estimates**

- 2.1 Any Standing Committee may formulate and submit proposals to the Parish Council in respect of Revenue and Capital costs for the following financial year not later than the end of November each year.
- 2.2 The Parish 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 Budget 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 without the express authority of the Parish Council. The RFO may, with the approval of Parish Council, vire between budget subheadings.
- 3.3 The RFO shall provide the Parish Council with a statement of Income and Expenditure at each meeting, under each head of the budgets, comparing actual expenditure against the Budget.

- 3.4 The RFO 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.
- 3.5 Unspent provisions in the revenue budget shall not be automatically carried forward to a subsequent year without going through the budget review and approval.
- 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 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 RFO in accordance with the Accounts and Audit Regulations, appropriate guidance and proper practices.
- 4.2 The RFO shall be responsible for ensuring completion of all accounts of the Parish Council as soon as practicable after the end of the financial year and submission to the Parish Council for approval by resolution no later than 15 June each year.
- 4.3 The RFO shall be responsible for ensuring that there is an independent, 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 RFO or Internal Auditor requires, make available such documents of the Parish 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.
- 4.4 An Internal Auditor, who shall be competent and independent of the operations of the Parish Council, shall be appointed by the Parish Council. The Internal Auditor will report to the Parish Council in writing as required.
- 4.5 For the avoidance of doubt, in relation to internal audit the terms 'independent' and 'independence' shall have the samemeaning as is described in proper practices.
- 4.6 The RFO shall make arrangements for the exercise of electors' rights in relation to the accounts including the opportunity for inspection of the accounts required by the Accounts and Audit Regulations.

- 4.7 The RFO shall, as soon as practicable, bring to the attention of all Parish 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 Parish Council's banking arrangements shall be made by the RFO and approved by the Parish Council. Banking arrangements may not be delegated to a Committee. They shall be regularly reviewed for safety and efficiency.
- 5.2 A schedule of the payments shall be prepared by the RFO for approval by the Parish Council. All payments will be authorised by two Parish Councillors.

## **6 Payment of Accounts**

- 6.1 The RFO is authorised to pay all accounts, bills and payments for services required to be transacted up to a value of £500 subject to the inclusion of details of the payments made in accordance with this regulation being included on the schedule of payments made and submitted to each Council Meeting. Payments shall be effected by cheque, BACS or internet banking transfer.
- 6.2 The Parish Council will make safe and efficient arrangements for the making of its payments and all payments shall be effected by cheque, BACS or internet banking transfer.
- 6.3 If a payment exceeding £500 is necessary to be made to avoid a charge of interest under the Late Payment of Commercial Debts (Interest) Act 1998, or required under the Public Contracts Regulations 2015, the RFO may take all necessary steps to settle such invoices.
- 6.4 If thought appropriate by the Parish Council, payment for certain items may be made by BACS or internet banking transfer provided that the instructions for each payment are signed, or otherwise evidenced, by two authorised bank signatories, are retained and any payments are reported to Parish Council as made.
- 6.5 No employee or Parish Councillor shall disclose any PIN or password, relevant to the working of the Parish Council or its bank accounts, to any person not authorised in writing by the Parish Council.
- 6.6 The Parish Council, and any members using computers for the Parish Council's financial business, shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used.

- 6.7 Access to any internet banking accounts will be directly to the access page (which may be saved under “favourites”), and not through a search engine or e-mail link. Remembered or saved passwords facilities must not be used on any computer used for Parish Council banking work. Breach of this Regulation will be treated as a very serious matter under these regulations.
- 6.8 All invoices for payment shall be examined, verified and coded by the RFO who shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 6.9 The RFO shall scrutinise invoices in relation to arithmetical accuracy and coding shall post them to the appropriate expenditure heading. The RFO shall approve the invoices for payment.

## **7 Payment of Salaries**

- 7.1 The payment of 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 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.

## **8 Loans and Investments**

- 8.1 All loans and investments shall be negotiated in the name of the Parish Council.
- 8.2 All loans and investments shall be in accordance with relevant regulations, proper practice and guidance, and shall be reviewed on a regular basis.
- 8.3 All investments and 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 the necessary borrowing approval. Any application for borrowing approval shall be approved by Parish Council as to terms and purpose.
- 8.5 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 Parish Council shall be the responsibility of and under the supervision of the RFO.

- 9.2 All sums found to be irrecoverable and any bad debts shall be reported to the Parish Council and shall be written off in the year.
- 9.3 All sums received on behalf of the Parish Council shall be banked intact as directed by the RFO. In all cases, all income shall be deposited with the Parish Council's bankers with such frequency as the RFO considers necessary.  
Personal cheques shall not be cashed out of money held on behalf of the Parish Council.
- 9.4 The RFO shall ensure that any VAT Return that is required is promptly completed. Any repayment claims due in accordance with VAT Act 1994 section 33 shall be made quarterly.
- 9.5 Where any significant sums of cash are received by the Parish Council, the RFO shall take such steps as are necessary to ensure that more than one person is present when the cash is counted in the first instance, and that appropriate care is taken in the security and safety of individuals banking such cash.

## **10. Orders for Works, Goods and Services**

- 10.1 A Purchase Order, letter or email shall be issued for all work, goods and services unless a formal contract is prepared or an official order would be inappropriate. Copies of orders shall be retained.
- 10.2 A Parish Councillor may not issue a purchase order or make any contract on behalf of the Parish Council.
- 10.3 Regard shall be had at all times to obtaining value for money, good quality and reliable workmanship in the provision of goods and services for the Parish Council.

## **11. Contracts**

- 11.1 Procedures as to contracts are laid down as follows:

11.1.1 Every contract shall comply with these Financial Regulations and no exceptions shall be made other than in an emergency as described at Regulation 3.5 provided that these Regulations shall not apply to contracts which relate to items 1 to 5 below.

1. For the supply of gas, electricity, water, sewerage and telephone services.
2. For specialist services such as provided by solicitors, accountants, surveyors and planning consultants.
3. For work to be executed, or goods/materials to be supplied which consist of repairs to or parts for existing machinery or equipment or plant.
4. For work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Parish Council.
5. For goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

6. for additional audit work of the external Auditor up to an estimated value of £250 (in excess of this sum the RFO shall act after consultation with the Chair);

11.1.2 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 Parish Council.

11.1.3 Such invitation to tender shall state the general nature of the intended contract and the RFO 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 RFO 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.

11.1.4 All sealed tenders shall be opened at the same time on the prescribed date by the RFO in the presence of at least one Parish Councillor. Those present shall sign and date a list of those tenders received.

11.1.7 Routine orders for the supply of goods and maintenance covered by the estimates shall be placed by the Parish Clerk or appropriate officer, together with orders for urgent repairs to the Parish Councils assets, regarding which the Parish Clerk shall consult the Chair.

11.1.8 In the case of contracts at an estimated cost of less than £2,000 it shall be in the discretion of the Parish Council whether to obtain competitive quotations in any particular case.

11.1.9 For contracts at an estimated cost of £2,000 or more, but less than £10,000 three competitive quotations shall usually be obtained, and in the case of contracts costing £10,000 or more, public notice inviting tenders shall be given in one or more newspapers circulating in the district. The Parish Council may also resolve to invite tenders by newspaper advertisement in other cases, if thought desirable.

11.1.10 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.

11.1.11 The requirements regarding tendering may be waived by the Council, if so resolved in any particular case, the reasons for which shall be stated in the Minutes.

11.1.12 The Parish 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 by the RFO within the time specified in the contract, upon receipt of authorised certificates of the architect or other consultants engaged to supervise the contract (subject to any percentage retention as may be agreed in the particular contract).
- 12.2 Where contracts provide for payments by instalments the RFO shall maintain a record of all such payments. In any case where it is estimated that the total cost of the work carried out under contract, excluding agreed variations, will exceed the contract sum by 5% or more a report shall be submitted to the Parish Council.
- 12.3 Any variation, addition to, or omission from, a contract must be approved by the RFO to the Contractor in writing, the Parish Council being informed where the final cost is likely to exceed the financial provision.

## **13 Assets, Properties and Estates**

- 13.1 The Parish Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Parish Council and 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 the 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 by law, save where the estimated value of any one item of tangible movable property does not exceed £500, in which case the RFO may make the decision to dispose.
- 13.3 The RFO 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 reviewed annually.

## **14 Insurance**

- 14.1 Following an annual risk assessment, the RFO shall effect all insurances and negotiate all claims on the Parish Council's insurers.
- 14.2 The RFO shall keep a record of all insurances effected by the Parish Council and the property and risks covered thereby and annually review it.
- 14.3 The RFO shall be notified of any loss, liability, damage or any event likely to lead to a claim, and shall report these to Parish Council at the next available meeting.

14.4 All appropriate employees and members 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. Risk Management**

15.1 The Parish Council is responsible for putting in place arrangements for the management of risk. Annually, the RFO shall carry out Risk Assessment using a robust, proportionate and appropriate method, across all activities of the Parish Council. The Risk Management Policy shall be reviewed by the Parish Council annually.

**16. Revision Of Financial Regulations**

16.1 It shall be the duty of the Parish Council to review the Financial Regulations of the Parish Council from time to time. The RFO 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.