

NEW EARSWICK PARISH COUNCIL

Financial Regulations

These Financial Regulations were adopted by the Council at its Meeting held on 17 October, 2016 following the issue of Revised Model Financial Regulations 2016 by NALC.

1 GENERAL

- 1.1 These Financial Regulations govern the conduct of the financial transactions of the Council and they may only be amended 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.
- 1.4 Deliberate or wilful breach of these Regulations by an employee may give rise to disciplinary proceedings.

2 ANNUAL ESTIMATES

- 2.1 A budget, with detailed estimates of all receipts and payments for the financial year ahead, shall be prepared by the RFO not later than the end of November in each year.
- 2.2 During January of each year the Council shall set the precept to be levied for the ensuing financial year.
- 2.3 The budget shall form the basis of the financial control for the ensuing year.

3 BUDGETARY CONTROL

- 3.1 Revenue expenditure may be incurred up to the amount included in the Council's budget.
- 3.2 The RFO shall provide the Council with a statement of receipts and payments, comparing actual expenditure with budget figures, at the end of each financial quarter or as requested.
- 3.3 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 urgency that, in the opinion of the Clerk, it must be done at once, whether or not there is budgetary provision, subject to a limit of £500. In the event of an emergency this amount may be exceeded after consultation with the Chairman/Vice Chairman. The Clerk shall report the action taken as soon as practicable thereafter.
- 3.4 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 can be obtained.

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 (England) Regulations 2015, or other Statutory Instrument which may supersede those Regulations. The guidance issued in Governance and Accountability for Local Councils – a Practitioners' Guide (England) issued by the Joint Practitioners Advisory Group (JPAG) should be followed.

- 4.2 The RFO shall be responsible for completing the annual financial statements of the Council, including the Annual Return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council no later than 30 June.
- 4.3 The RFO shall be responsible for maintaining an effective system of internal audit of the Council's accounting, financial and other operations in accordance with the Accounts and Audit Regulations.
- 4.4 The Internal Auditor, appointed by the Council, shall be competent and independent of the operations of the Council and shall make a minimum of one annual written report to Council in respect of each financial year.
- 4.5 The RFO 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 the Audit Commission Act 1998 and the Accounts and Audit (England) Regulations 2011.
- 4.6 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 it is purely administrative in nature.

5 BANKING ARRANGEMENTS

- 5.1 The Council's banking arrangements shall be made by the RFO and approved by the Council.
- 5.2 Relevant invoices and requests for payment shall be presented to the Council and, if in order, shall be authorised by a resolution of the Council. Applications for grants, however, shall be examined by the Finance Committee before presentation to the full Council.
- 5.3 Cheques drawn on the Council's bank accounts shall be signed by two Members as listed on the bank mandate; the signatories, to indicate their agreement with the details shown on the cheque, shall also each initial the cheque counterfoil. A Member who is a bank signatory, having a connection by virtue of family or business relationships with the beneficiary of a payment, should not, under normal circumstances, be a signatory to the payment in question.

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 and verified by the RFO, and then presented to the Council for payment at its next available Meeting. The RFO shall be satisfied that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.

7 PAYMENT OF SALARIES

- 7.1 It shall be the responsibility of the RFO to calculate and make arrangements for the payment of salaries in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salaries shall be as agreed by Council. A payroll provider may undertake this work on behalf of the Council.

8 LOANS AND INVESTMENTS

- 8.1 All loans and investments shall be negotiated by the RFO in the name of the Council after approval by the Council and shall be for a set period of time in accordance with Council policy.
- 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 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 and under the supervision of the RFO.
- 9.2 Any bad debts shall be reported to the Council.
- 9.3 All sums received on behalf of the Council shall be banked with such frequency as the RFO considers necessary.
- 9.4 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.

10 CONTRACTS

Procedures as to contracts are laid down as follows:

- 10.1 Every contract shall comply with these financial regulations and no exceptions shall be made otherwise than in an emergency provided that this regulation need not apply to contracts which relate to items listed below:
- 10.2 For the supply of gas, electricity, water, sewerage and telephone services.
- 10.3 For specialist services such as are provided by solicitors, accountants, surveyors and planning consultants.
- 10.4 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.
- 10.5 For work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council.
- 10.6 For additional audit work of the external auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice Chairman of the Council).
- 10.7 For goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- 10.8 An invitation to tender shall state the general nature of the intended work or service to be provided and shall be required to be delivered in sealed envelopes. All tenders for the same work shall be opened at the same time by the RFO in the presence of at least one Member of Council.
- 10.9 Where the Council intends to procure or award a public supply contract, public service contract or public works contract as defined by The Public Contracts Regulations 2015 ("the Regulations") which is valued at £30,000 or more, the Council shall comply with the relevant requirements of the Regulations.
- 10.10 The full requirements of The Regulations, as applicable, shall be followed in respect of the tendering and award of a public supply contract, public service contract or public works contract which exceed thresholds in The Regulations set by the Public Contracts Directive 2014/24/EU (which may change from time to time).
- 10.11 When it is to enter into a contract which is less than £25,000 but more than £1,000 in value, the RFO shall obtain three quotations (priced descriptions of the proposed supply).

- 10.12 Where the value is below £1,000 but above £500 the RFO shall strive to obtain three estimates.
- 10.13 The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- 10.14 Any invitation to tender issued under this regulation shall be subject to Standing Order Number 34 and shall refer to the terms of the Bribery Act 2010.
- 10.15 When it is to enter into a contract of less than £25,000 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 paragraphs 10.2 - 10.7, the Clerk or RFO shall obtain 3 quotations (priced descriptions of the proposed supply) where the value is below £3000 and above £100 the Clerk or RFO shall obtain 3 estimates. Otherwise Regulations 10.1 shall apply.

11 ASSETS

- 11.1 The RFO shall ensure that an appropriate and accurate Register of Assets is kept up to date. The continued existence of each tangible asset shown in the Register shall be verified at least annually, possibly in conjunction with a health and safety inspection of the asset.

12 INSURANCE

- 12.1 Following an annual risk assessment, the RFO shall be responsible for effecting all insurances and negotiating all claims against the Council's insurers.
- 12.2 The RFO shall give prompt notification to the Council of all new risks and of any alterations affecting existing cover.
- 12.3 All appropriate employees and Members of the Council shall be included in a suitable fidelity guarantee insurance, covering the maximum risk exposure as determined by the Council.

13 REVISION OF FINANCIAL REGULATIONS

- 13.1 It shall be the duty of the Council to review these Financial Regulations annually.

