

# BALSHAM PARISH COUNCIL

## FINANCIAL REGULATIONS

### 1. GENERAL

- i Financial regulations may only be varied or amended by resolution of the Parish Council.
- ii The council is responsible in law for the effectiveness and adequacy of its financial management. The council is required to have a proper system of internal financial control which ensures the effective implementation of the council's responsibilities and includes arrangements for the management of risk.
- iii The council's control system must include measures which ensure:
  - (a) the regular production of accounts
  - (b) the efficient safeguarding of public money
  - (c) the prevention and detection of inaccuracy or fraud
- iv The council must review annually the effectiveness of its system of control, in accordance with proper practice.
- v The council has appointed the Clerk to be the Responsible Financial Officer (RFO).  
The RFO:
  - (a) acts as directed by the council
  - (b) administers the council's financial affairs in accordance with all Acts, Regulations and proper practices
  - (c) ensures that the control systems are observed
  - (d) maintains an accurate financial record in accordance with proper practices
  - (e) assists the council to be efficient and effective in the use of its resources
  - (f) produces financial management information as required by the council
- vi The accounting records provided by the RFO shall be such as to explain the council's financial transactions. All income and expenditure, statement of balances, records of receipts and payments shall comply with the Accounts and Audit Regulations (2011/817).
- vii The accounting records shall contain full details of the day to day receipts and expenditure of the council and the matters to which these relate. They shall also contain a record of assets and liabilities of the council. All these transactions shall be recorded as soon as practicable and as accurately as possible.
- viii The council shall not delegate decisions regarding the setting of the precept, the approving of accounting statements or the addressing of recommendations from the internal or external auditor. These matters shall be decided by the full council.
- ix The council shall also keep under review the mandate for all bank accounts and approve any grant or single commitment in excess of £5000.

- x In these regulations references to the Account and Audit Regulations shall mean the regulations issued under section 27 of the Audit Commission Act 1998, or any superseding legislation then in force. The term ‘proper practice’ refers to guidance issued by the Joint Practitioner’s Advisory Group in *Governance and Accountability for Local Councils – a Practitioners’ Guide (England)*.

## **2. ACCOUNTING AND AUDIT (INTERNAL& EXTERNAL)**

- i The RFO shall complete the annual statement of accounts and annual report as soon as practicable after the end of the financial year and shall submit them to the council within the timescale set by the Accounts and Audit Regulations.
- ii The council shall have an effective system of internal audit and of its system of internal control in accordance with proper practice. The council shall make available any documents, records and information as are necessary for the purpose of the audit.
- iii The internal auditor shall be independent of the financial operations of the council; shall report to the council on a regular basis; be competent, objective and free from any conflict of interest.
- iv Internal and external auditors shall not perform any operational duties for the council, neither shall they initiate or approve accounting transactions.
- v The RFO shall make arrangements to enable electors to exercise their rights in relation to the accounts: these include the opportunity to inspect the accounts, books and vouchers and to display or publish any notices required by the Audit Commission Act 1998, or any superseding legislation, and the Accounts and Audit Regulations.
- vi The RFO shall bring any correspondence or report from the internal or external auditors to the attention of all councillors without undue delay.

## **3. ANNUAL ESTIMATES (BUDGET) AND FORWARD PLANNING**

- i Each year the RFO must prepare detailed estimates of all receipts and payments, including the use of reserves and all sources of funding for the following financial year. This must be done no later than January and be presented to the council for consideration in the form of a budget.
- ii The council shall consider annual budget proposals in relation to its three year forecast of revenue and capital receipts and payments, including recommendations for the use of reserves, and update the forecast accordingly.
- iii The council shall fix the precept for the following financial year no later than the end of January. The RFO shall issue the precept to South Cambridgeshire District Council and supply each member with a copy of the approved annual budget. This budget shall form the basis of financial control for the following financial year.

#### **4. BUDEGTRY CONTROL AND AUTHORITY TO SPEND**

- i Expenditure on revenue items may be authorised up to the amount included in the approved budget for that class of expenditure. The authority is to be determined by:
  - (a) the council for all items over £500
  - (b) the Clerk together with the Chairman of the Council for any items under £500
- ii No expenditure may be authorised that will exceed the amount provided in the budget for that class of expenditure, other than by a resolution of the council. During the financial year the council may approve unspent and available amounts to be moved to other headings as appropriate, having fully considered the implications for public services. Unspent provisions in the revenue or capital budgets for completed projects shall not be carried forward to a subsequent year.
- iii The salary budgets shall be reviewed annually in October. The RFO will inform the council of any changes which will affect the budget requirement for the coming year.
- iv In cases of risk, the clerk may authorise revenue expenditure as necessary. Such expenditure includes repair and replacement, subject to a £500 limit. Such action shall be reported to the chairman as soon as possible and to the council at its next meeting.
- v No expenditure shall be authorised in relation to a capital project and no contract entered into or tender accepted unless the council is satisfied that the necessary funds are available. All capital projects shall be administered in accordance with the council's standing orders and financial regulations.
- vi At the end of each financial quarter the RFO shall provide the council with a statement of receipts and payments to date under each heading in the budget, comparing actual expenditure against that planned, and giving explanations for any significant variations.

#### **5. BANKING ARRANGEMENTS AND AUTHORISATION OF PAYMENTS**

- i The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council. They shall be reviewed regularly for safety and efficiency.
- ii The RFO shall prepare a schedule of payments requiring authorisation; these shall appear on the agenda for each meeting and be presented with the relevant invoices. A detailed list of all payments shall be recorded in the minutes at which they were authorised.
- iii All invoices shall be verified by the RFO to confirm that they reflect the expenditure to which they relate and which has previously been approved by the council. The invoices shall be checked for accuracy and allocated to the appropriate heading. All invoices which are in order shall be paid at the next available council meeting.

- iv The clerk shall have delegated authority to authorise payments in the following circumstances:
  - (a) If payment is necessary to avoid a late payment charge under the Late Payments of Commercial Debts (Interest) Act 1990 and the date for payment is before the next scheduled council meeting.
  - (b) Any expenditure item authorised under 5v (continuing contracts and obligations).
  - (c) Fund transfers within the council's banking arrangements up to £10,000.

All the above payments shall be submitted to the council at its next meeting.

- v For each financial year the RFO shall draw up a list of regular payments which arise from a continuing contract, statutory duty or obligation (such as salaries, PAYE, and regular maintenance contracts) for which the council may authorise payment for the year, provided that it adheres to regulation 4i (Budgetary Controls).
- vi Members are subject to the Code of Conduct which has been adopted by the council. They shall comply with the Code and Standing Orders when a decision to authorise Payment is made in respect of a matter in which they have a disclosable pecuniary or other interest.

## **6. INSTRUCTIONS FOR THE MAKING OF PAYMENTS**

- i All payments shall be made by cheque or other instructions to the council's bank. All cheques or orders for payment shall be signed by two members of the council. If a member who is also a bank signatory has declared a disclosable pecuniary or other interest in the matter to which the payment relates, he shall consider Standing Orders and determine whether it is appropriate to be a signatory in the transaction.
- ii To indicate agreement with the details shown on the cheque and the invoice, the signatories shall also initial the cheque counterfoil. Cheques shall normally be presented for signature at a council meeting. Signatures obtained away from a meeting shall be reported at the next convenient meeting.
- iv If appropriate, payment for utility supplies may be made by variable direct debit. Approval for the use of variable direct debit shall be reviewed every two years.
- v If appropriate, payment for certain items may be made by BACS or CHAPS. Approval for the use of these shall be reviewed every two years.
- vi If appropriate payment for certain items may be made by internet banking transfer, provided that evidence is retained showing approval by councillors of the payment.
- vii Where a computer is used no councillor shall disclose any PIN or password relevant to the working of the council and its bank accounts to any person not authorised by the council. Regular back-up copies of the records on a computer shall be made and stored securely. The council shall ensure that a high level of computer security is in use.

- viii Where internet banking arrangements are made, the RFO shall be the service administrator.
- ix Changes to account details for suppliers which are used for internet banking may only be changed on written hard copy notification by the supplier.
- x The council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the clerk shall be refunded on a regular basis.

## **7. PAYMENT OF SALARIES**

- i As an employer the council shall make arrangements to meet the statutory requirements with regard to PAYE legislation. No changes may be made to an employee's pay or terms and conditions of employment without the prior consent of the council.
- ii All payments to employees shall be reported with all other payments as required by these Financial Regulations.

## **8. LOANS AND INVESTMENTS**

- i Any borrowings shall be effected in the name of the council and approved by the full council.
- ii Any loans and investments shall be negotiated in the name of the council.
- iii All documents relating to the above shall be retained by the RFO.

## **9. INCOME**

- i The collection of all sums due to the council shall be the responsibility of the RFO. All fees and charges shall be reviewed annually.
- ii All sums received shall be banked intact.
- iii The RFO shall complete any required VAT return promptly. Any repayment claim due in accordance with VAT Act 1994 section 33 shall be made at least annually, by the end of the financial year.

## **10. ORDERS FOR WORK, GOODS AND SERVICES**

- i An official order or letter shall be issued for all work, goods and services unless a formal contract is to be prepared. Copies of orders must be retained. Order books shall be controlled by the RFO.
- ii All council members are responsible for obtaining value for money at all times. reasonable. A member shall not make any contract on behalf of the council.

## **11. CONTRACTS**

- i All contracts shall comply with these financial regulations, other than for:
  - (a) the supply of electricity, water and sewerage services
  - (b) specialist services such as those provided by solicitors, accountants, surveyors and planning consultants
  - (c) goods and materials for repair to existing equipment
  - (d) goods and materials which constitute an extension to an existing contract
  - (e) additional work by the external auditor, up to £500
  
- ii Financial regulations shall confirm that a proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £50,000 shall be procured on the basis of a formal tender. The tender process shall include:
  - (a) A specification for the goods, materials, services or execution of works.
  - (b) A timescale for the acceptance of tenders and the council's response.Tenders are to be submitted in writing to the council's Proper Officer, who shall open them in the presence of at least one councillor after the deadline for submission has passed. Tenders will then be considered by the full council.
  
- iii The council is not bound to accept the lowest value tender.
  
- iv Where the value of a contract is between £50,000 and £3000 the RFO shall obtain three quotations (priced descriptions of the proposed work). Where the value is below £3000, the RFO shall try to obtain three estimates.
  
- iv The European Procurement Directive shall apply and the terms of the Public Contract Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.
  
- v The council shall at all times be kept informed of any variations to a contract and of any impact on the financial provision.

## **12. ASSETS**

- i The clerk shall make appropriate arrangements for the custody of all title deeds and Land Registry Certificates of properties owned by the council. A detailed record of all the properties held by the council shall be kept in accordance with Accounts and Audit Regulations.
  
- ii No tangible movable property shall be acquired or disposed of without the authority of the council unless the value of an item is less than £250.

## **13. INSURANCE**

- i The RFO shall effect all insurances and negotiate all claims on the council's insurers.

- ii The RFO shall be notified of any loss liability or damage likely to lead to a claim and report this to the council at its next meeting.

#### **14. SUSPENSION AND REVISION OF FINANCIAL REGULATIONS**

- i The council shall review its Financial Regulations regularly. The Clerk shall monitor changes in legislation or proper practices and notify the council of any requirement to amend the regulations.
- ii The council may suspend any part of its Financial Regulations provided that the reasons for this are recorded and an assessment of any risk involved has been presented to all council members in advance.