

Long Melford Parish Council

Financial Regulations

These amended Financial Regulations were endorsed at Finance Committee on 17th October 2017 and adopted by the Council at its Meeting of 2nd November 2017.

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 (Responsible Financial Officer) under the policy direction of the Finance Committee shall be responsible for the proper administration of the Council's financial affairs.
- 1.3 The Responsible Financial Officer shall be responsible for the production of financial management information.

2. Annual Estimates

- 2.1 Each Committee shall formulate and submit proposals to the Finance Committee in respect of revenue services and capital projects for inclusion in the rolling capital programme not later than the end of December 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 Responsible Financial Officer.
- 2.3 The Finance Committee shall review the estimates and submit them to the Council not later than the end of January in each financial year and shall recommend the precept to be levied for the ensuing financial year. The Responsible Financial Officer 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.
- 2.5 The Council shall prepare and have regard to a three year forecast of Revenue and Capital Receipts and Payments which shall be prepared at the same time as the annual Budget or Estimates.

3. Budgetary Control

- 3.1 Expenditure on the revenue account may be incurred up to the amounts included in each approved Committee budget.
- 3.2 No expenditure may be incurred which cannot be met from the amount provided in the appropriate Committee revenue budget unless a virement has been approved by the Finance Committee or the Council.

- 3.3 The Responsible Financial Officer shall monthly provide the Council with a statement of income and expenditure to date under each head of the approved annual revenue and capital budgets.
- 3.4 The Responsible Financial Officer 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 £1,000. The Responsible Financial Officer shall report the action to the appropriate Committee 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 that Committee's approved budget, it shall be subject to the provisions of a supplementary estimate approved by the Finance Committee or the Council.
- 3.6 Unspent provisions in the revenue budget may not be carried forward to a subsequent year.
- 3.7 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 Committee concerned 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.
- 3.8 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 Responsible Financial Officer as required by the Accounts and Audit (England) Regulations 2011.
- 4.2 The Responsible Financial Officer 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 The Responsible Financial Officer shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the Auditor appointed from time to time by the Audit Commission) and for submitting the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit (England) Regulations 2011, or set by the Auditor.
- 4.4 The following principles shall be observed in connection with accounting duties.
 - (a) The duty of providing information, calculating, checking and recording sums due to, or from, the Council, should be separated as completely as possible from the duty of collecting or dispersing them.
 - (b) Officers charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.

- 4.5 The Responsible Financial Officer shall be responsible for ensuring that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Accounts and Audit (England) Regulations 2011. Any officer or member of the Council shall, if the Responsible Financial Officer or Internal Auditor requires, make available such documents of the Council which appear to the Responsible Financial Officer or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the Responsible Financial Officer or Internal Auditor with such information and explanation as the Responsible Financial Officer or Internal Auditor considers necessary for that purpose.
- 4.6 The Internal Auditor shall carry out the work required by the Responsible Financial Officer, or by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.7 The Responsible Financial Officer shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers required by Audit Commission Act 1998 section 15 and the Accounts and Audit (England) Regulations 2011.
- 4.8 The Responsible Financial Officer 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 matter.

5. Banking Arrangements and Cheques

- 5.1 The Council's banking arrangements shall be made by the Responsible Financial Officer, and approved by the Council. They should regularly be reviewed for efficiency.
- 5.2 A schedule of the payment of money shall be prepared by the Responsible Financial Officer and together with the relevant invoices etc. presented to the council. If the schedule is in order, it shall be authorised by resolution.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in the previous paragraph shall be signed by two of five signatories
- 5.4 To indicate agreement of the details 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 Apart from petty cash payments all payments shall be effected by cheque or other order including BACS drawn on the Council's bankers.
- 6.2 All invoices for payments shall be examined, verified and certified by the officer issuing the order. Before certifying an invoice the officer shall be satisfied that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.

- 6.3 Duly certified invoices shall be passed to the Responsible Financial Officer who shall examine them in relation to arithmetical accuracy and authorisation, and shall code them to the appropriate expenditure head / cost code. The Responsible Financial Officer shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
- 6.4 All duly certified invoices will then be entered on the schedule referred to in 5.2 above.
- 6.5 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 approval can be gained from the Finance Committee, where the Clerk and Responsible Financial Officer certify that there is no dispute or other reason to delay payment, the Responsible Financial Officer may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate meeting of Council.
- 6.6 The Responsible Financial Officer may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the Responsible Financial Officer with a claim for reimbursement:
- (a) Vouchers 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.

7. Payment of Salaries and Wages

- 7.1 The payment of all salaries, as agreed by the Council, shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating using Real Time Information.
- 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, provided that each payment is approved by Finance Committee and ratified by the next available Council Meeting.
- 7.3 All time sheets shall be certified as to accuracy by or on behalf of the line manager and available for inspection.

8. Loans and Investments

- 8.1 All loans and investments shall be negotiated by the Responsible Financial Officer in the name of the Council, and shall be for a set period of time in accordance with Council policy. Changes to loans and investments should be reported to the Council at the earliest opportunity.
- 8.2 The Council's Investment Policy, shall be in accordance with recommended practice including the Trustee Act 2000, and shall be reviewed on a regular basis (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.
- 8.5 All investments certificates and other documents relating thereto shall be retained in the custody of the Responsible Financial Officer.

9. Income

- 9.1 The collection of all sums due to the Council shall be the responsibility of and under the supervision of the Responsible Financial Officer.
- 9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council, notified to the Responsible Financial Officer and the Responsible Financial Officer shall be responsible for the collection of all accounts due to the Council.
- 9.3 The Council will review all fees and charges annually, following a report of the Responsible Financial Officer.
- 9.4 Any sums found to be irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 9.5 All sums received on behalf of the Council shall be banked intact as directed by the Responsible Financial Officer. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the Responsible Financial Officer considers necessary.
- 9.6 A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
- 9.7 Every transfer of official money from one member of staff to another shall be signed for by the receiving officer.
- 9.8 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.9 The Responsible Financial Officer 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.
- 9.10 Where any significant sums of cash are regularly received by the Council, the Responsible Financial Officer shall take such steps as are agreed by the Council to ensure that more than one person is present when the cash is counted in the first instance, that there is a reconciliation to some form of control such as ticket issues, and that appropriate care is taken in the security and safety of individuals banking such cash.

10. Orders for Work, Goods and Services

- 10.1 An order or official 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 e.g. petty cash purchases. Copies of orders issued shall be maintained.
- 10.2 All members and Officers are responsible for obtaining value for money as all times. An officer issuing an official order is to 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, subject to any de minimis provisions in Regulation 11 (I) below.
- 10.3 The Responsible Financial Officer shall verify the lawful nature of any proposed purchase before the issue of any order, and in the case of new or infrequent purchases or payments, the Responsible Financial Officer shall ensure that the statutory authority shall be reported to the meeting at which the order is approved so that the Minutes can record the power being used.

11. Contracts

- 11.1 Procedures as to the contracts are laid down in the Council's standing orders as follows:
- (a) Every contract whether made by the Council or by a Committee to which the power of making contracts has been delegated shall comply with these standing orders, and no exception from any of the following provisions of these standing orders shall be made otherwise than by direction of the Council or in an emergency by such a Committee as aforesaid provided that these standing orders shall not apply to contracts which relate to items (i) to (v) 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 extension of an existing contract by the Council
 - (v) 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 Public Contracts Regulations 2015
 - a. 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 £25,000 or more, the Council shall comply with the relevant requirements of the Regulations 1 . b. 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)

- (ii) 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 (a) the Responsible Financial Officer shall invite tenders from at least three firms, such firms to be taken from the appropriate approved list.
 - (iii) For expenditures of £10,000 or less in value the Chair of the spending Committee or his/her appointed vice Chair together with the Responsible Financial Officer or duly authorised deputy shall have executive power.
- (c) When applications are made to waive standing orders relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
 - (d) Every exception made by a Committee to which the power of making contracts has been delegated shall be reported to the Council and the report shall specify the emergency by which the exception shall have been justified.
 - (e) Such invitation to tender shall state the general nature of the intended contract and the Responsible Financial Officer 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 Responsible Financial Officer and the last date by which such tenders should reach the Responsible Financial Officer in the ordinary course of post. Each tendering firm shall be supplied with a specially marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
 - (f) All sealed tenders shall be opened at the same time on the prescribed date by the Responsible Financial Officer or the properly authorised deputy in the presence of at least one member of the Council.
 - (g) If less than three tenders are received for contracts valued above £5,000 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.
 - (h) The Council shall not be obliged to accept the lowest or any tender.

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 Responsible Financial Officer 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 Responsible Financial Officer shall maintain a record of all such payments. In any case when it is estimated that the total cost of work carried out under a contract, excluding fluctuation clauses, will exceed the contract sum by 5% or more a report shall be submitted to the appropriate Committee.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Responsible Financial Officer in writing, the appropriate Committee being informed where the final cost is likely to exceed the financial provision.

13. Stores and Equipment

- 13.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 13.2 Delivery notes must be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as regard quality at the time delivery is made.
- 13.3 Stocks shall generally be maintained at the minimum levels consistent with operational requirements.
- 13.4 The Responsible Financial Officer shall be responsible for an annual check of all stocks and stores.

14. Properties and Estates

- 14.1 The Responsible Financial Officer shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The Responsible Financial Officer 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 regulation 4(3)(b) of the Accounts and Audit Regulations 2003 as amended.
- 14.2 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 £50.

15. Insurance

- 15.1 Following an annual risk assessment, the Responsible Financial Officer shall effect all insurances and negotiate all claims on the Council's insurers.
- 15.2 All employees shall give prompt notification to the Responsible Financial Officer of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 15.3 The Responsible Financial Officer shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.

- 15.4 The Responsible Financial Officer shall be notified of any loss liability or damage or of any event likely to lead to a claim, and shall report these to Council at the next available meeting.
- 15.5 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.

16. Charities

- 16.1 Where the Council is sole trustee of a Charitable body the Clerk and Responsible Financial Officer shall ensure that separate accounts are kept of the funds held on charitable trusts and separate financial reports made in such form as shall be appropriate, in accordance with Charity Law and legislation, or as determined by the Charity Commission. The Clerk and Responsible Financial Officer shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

17. Risk Management

- 17.1 The Clerk with the Responsible Financial Officer shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 17.2 When considering any new activity the Clerk and Responsible Financial Officer 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 Council for consideration and, if thought appropriate, adoption.

18. Revision of Financial Regulations

- 18.1 It shall be the duty of the Council to review the Financial Regulations of the Council on an annual basis and to make such changes as the Council considers are required.