

Buckden Parish Council – Financial Regulations

Adopted by resolution (Minute 3518 of 14 September 2004 and amended minute 2996 July 2008)

1. GENERAL

- 1.1 These regulations govern the conduct of the financial transactions of the Council and may be amended or varied only by resolution of the Council.
- 1.2 The Council shall appoint a Responsible Finance Officer (RFO). The RFO may be the Chairman of Finance, another suitably qualified elected Councillor or the Clerk.
- 1.3 If the RFO is not the Chairman of Finance, he or she will be responsible through the Chairman of Finance to the Council. Throughout these regulations it is assumed that if the RFO is the Clerk he or she will discuss all financial matters and decisions with the Chairman of Finance.
- 1.4 The RFO, under the policy direction of the Chairman of Finance, shall be responsible for the proper administration of the Council's financial affairs.
- 1.5 The RFO shall be responsible for the production of financial management information as required by the Council.

2 ANNUAL ESTIMATES

- 2.1 No later than the end of October, each Committee and Working Group shall provide the RFO with its proposals in respect of income and expenditure for the following financial year.
- 2.2 The Finance Committee shall meet in November to consider these proposals and agree detailed draft estimates.
- 2.3 The Council shall review these drafts at its December Council meeting and approve a budget and precept for the following financial year. The RFO shall supply each member with a copy of the approved budget when the District Council confirms the rate of precept.
- 2.4 The budget shall form the basis of financial control for the 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 that will exceed the amount provided in the revenue budget without the prior approval of the Council.
 - 3.3 The RFO shall regularly provide the Council with a comparative statement of the estimated and actual receipts and payments to date under each budget head.
 - 3.4 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
 - 3.5 No expenditure shall be incurred in relation to any capital project and no contract entered in to or tender accepted involving capital expenditure unless the Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
 - 3.6 All capital works shall be administered in accordance with the Council's standing orders and financial regulations relating to contracts.
- Urgent Works**
- 3.7 Notwithstanding the preceding paragraphs in this section, the Clerk may incur expenditure on behalf of the Council which is necessary to carry out any

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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 £300. The Clerk shall report the action to the Council as soon as practicable thereafter.

4 ACCOUNTING AND AUDIT

- 4.1 The RFO shall determine the accounting procedures and financial records of the Council as required by the Accounts and Audit Regulations 1996 as amended.
- 4.2 The RFO shall be responsible for providing the Chairman of Finance with completed annual financial statements of the Council as soon as practicable after the end of the financial year. The Chairman of Finance shall report thereon to the Council.
- 4.3 The RFO, in co-operation with the Chairman of Finance if necessary, shall be responsible for completing the accounts of the Council contained in the Annual Return and for submitting the Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations 1996 as amended, or set by the Auditor.
- 4.4 The RFO shall be responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with Regulation 5 of the Accounts and Audit Regulations 1996 as amended. Any officer or member of the Council shall if the RFO or Internal Auditor require, make available such documents of the 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.
- 4.5 The Internal Auditor shall carry out the work required by the RFO or Chairman of Finance, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to the Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.
- 4.6 The Clerk shall make arrangements for the opportunity for inspection of the accounts, books and vouchers as required by the Audit Commission Act 1998 section 15 and the Accounts and Audit Regulations 1996 as amended.
- 4.7 The RFO shall as soon as practicable bring to the attention of the Councilors 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. They shall be regularly reviewed for efficiency.
- 5.2 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 6.3 below or in accordance with paragraph 6.4 shall be signed by two members of the Council.
- 5.3 The signatories shall each also initial the cheque counterfoil to indicate that the details shown on the cheque or order for payment agrees with the counterfoil and the invoice or similar documentation.

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6 PAYMENT OF ACCOUNTS

- 6.1 All payments shall be effected by cheque or other order drawn on the Council's bankers, except those permitted under section 7 to be paid out of petty cash.
- 6.2 All invoices for payment shall be examined, verified and certified by the cheque signatories before signing the cheque.
- 6.3 At the next available ordinary Council meeting, the Clerk shall present a schedule of payments required, supported by the relevant invoices. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by the Chairman. If more appropriate, the details may be recorded in the minutes of the meeting. The Clerk/RFO shall then analyse invoices to the appropriate expenditure heading.
- 6.4 If
- [a] a payment is necessary to avoid a charge to interest under the Late Payment of Commercial Debts (Interest) Act 1998,
 - [b] the due date for payment is before the next scheduled meeting of the Council, and
 - [c] the Clerk and Chairman of Finance certify that there is no dispute or other reason to delay payment, the Clerk may (notwithstanding paragraph 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 the Council.

7 PETTY CASH

- 7.1 The clerk shall maintain a petty cash float not exceeding £200 for the purpose of defraying operational and other expenses. Vouchers for payments made from petty cash shall be kept to substantiate the payment
- 7.2 The Clerk may provide petty cash to officers for the purpose of defraying operational and other expenses. Vouchers for payments made shall be forwarded to the Clerk with a claim for reimbursement..
- 7.3 Income received must not be paid into the petty cash float but must be separately banked as provided elsewhere in these regulations.
- 7.4 Payments to maintain the petty cash float shall be shown separately on the schedule of payments presented to the Council under 6.3 above.

8 PAYMENT OF SALARIES

- 8.1 The payment of all salaries and the 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 reported to and ratified by the next available Council meeting.

9 LOANS AND INVESTMENTS

- 9.1 All loans and investments shall be negotiated by in the name of the Council and shall be for a set period in accordance with Council policy.

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- 9.2 The Council's investment policy shall be in accordance with the Trustees Act 2000 and shall be reviewed on a regular basis (at least annually).
- 9.3 All investments of money under the control of the Council shall be in the name of the Council.
- 9.4 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 the Council as to terms and purposes.
- 9.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

10 INCOME

- 10.1 The collection of all sums due to the Council shall be the responsibility of the Clerk under the supervision of the RFO or, where the Clerk is the RFO, under the supervision of the Chairman of Finance.
- 10.2 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 Clerk and the Clerk shall be responsible for the collection of all accounts due to the Council.
- 10.3 The Council will review all fees and charges annually, following a report of the Clerk.
- 10.4 Any sums found to irrecoverable and any bad debts shall be reported to the Council and shall be written off in the year.
- 10.5 All sums received on behalf of the Council shall be banked intact by the Clerk. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO or Chairman of Finance considers necessary.
- 10.6 The origin of each receipt shall be entered on the paying-in slip.
- 10.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 10.8 The Clerk/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.
- 10.9 Where any significant sums of cash are regularly received by the Council the RFO 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, and 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.

11 ORDERS FOR WORK, GOODS AND SERVICES

- 11.1 An official order or 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. Copies of orders shall be retained.
- 11.2 Order books shall be controlled by the Clerk/RFO.
- 11.3 All members and officers are responsible for obtaining value for money at all times. An officer issuing an official order is to ensure as far as reasonable

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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 12(1) below.

- 11.4 The Clerk/RFO 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 Clerk/RFO 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.

12 **CONTRACTS**

12.1 Procedures as to contracts are laid down as follows:

- [a] Every contract shall comply with these financial regulations and no exceptions shall be made otherwise than in an emergency provided that these regulations shall not apply to contracts which relate to items (i) to (iv) below:
 - [i] For the supply of gas, electricity, water, sewerage and telephone services
 - [ii] For specialist services such as 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 up to an estimated value of £250 (in excess of this sum the RFO shall act after consultation with the Chairman or Vice Chairman of the Council and the Chairman of Finance)
 - [vi] For goods and materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
- [b] Where it is intended to enter into a contract exceeding £1,000 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 Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list maintained by the District Council for such works.
- [c] 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 Council
- [d] Such invitation to tender shall state the general nature of the intended contract and the Clerk 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 Clerk 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 re-

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main sealed until the prescribed date for opening tenders for that contract.

- [e] All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one member of the Council
- [f] If fewer than three tenders are received for contracts above £1,000 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.
- [g] Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders.
- [h] When it is intended to enter into a contract less than £1,000 in value for the supply of goods or materials or 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 Clerk shall obtain three quotations (priced descriptions of the proposed supply)
- [i] The Council shall not be obliged to accept the lowest or any tender quote or estimate.

13 PAYMENTS UNDER CONTRACTS FOR BUILDING OR OTHER CONSTRUCTIONS WORKS

- 13.1 Payments on account of the contract sum shall be made within the time specified in the contract by the RFO 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).
- 13.2 Where contracts provide for payment by instalments the Clerk 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 a contract excluding agreed variations will exceed the contract sum by 5% or more a report shall be submitted to the Council.
- 13.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and the Clerk to the Contractor in writing, the Council being informed where the final cost is likely to exceed the financial provision.

14 STORES AND EQUIPMENT

- 14.1 The officer in charge of each section shall be responsible for the care and custody of stores and equipment in that section.
- 14.2 Delivery Notes shall be obtained in respect of all goods received into store or otherwise delivered and goods must be checked as to order and quality at the time the delivery is made.
- 14.3 Stocks shall be kept at the minimum levels consistent with operational requirements.
- 14.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

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15 PROPERTIES AND ESTATES

- 15.1 The Clerk shall make appropriate arrangements for the custody of all deeds of properties owned by the Council. The RFO shall ensure a record is maintained of all properties owned by the Council, showing 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 1996 (as amended).
- 15.2 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.

16 INSURANCE

- 16.1 Following an annual risk assessment, the RFO shall with the agreement of the Chairman of Finance effect all insurances and negotiate all claims on the Council's insurers.
- 16.2 The Clerk shall promptly notify the RFO – or, if he himself is the RFO, the Chairman of Finance – of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 16.3 The Clerk shall keep a record of all insurances effected by the Council and the property and risks covered thereby. The record shall be reviewed annually by the RFO and the Chairman of Finance.
- 16.4 The Clerk shall notify the Chairman of Finance of any loss liability or damage or of any event likely to lead to a claim, and these shall be reported to the Council at the next available meeting.
- 16.5 All appropriate employees of the Council shall be included in a suitable fidelity guarantee insurances which shall cover the maximum risk exposure as determined by the Council.

17 CHARITIES

- 17.1 Where the Council is sole trustee of a charitable body the RFO 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 RFO shall arrange for any audit or independent examination as may be required by Charity law or any Governing Document.

18 RISK MANAGEMENT

- 18.1 The RFO and the Chairman of Finance shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 18.2 When considering any new activity the RFO and the Chairman of Finance 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.

19 REVISION OF FINANCIAL REGULATIONS.

- 19.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time.