



# RAMSEY & PARKESTON PARISH COUNCIL FINANCIAL REGULATIONS

## 1. GENERAL

- 1.1 These financial regulations 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 (RFO/CLERK), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.
- 1.3 The RFO/CLERK shall be responsible for the production of financial management information.
  - 1.3.1 The Council shall be responsible for ensuring that the financial management is adequate and effective and that the council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk.
    - a) The Clerk/Chairman are to meet prior to Council meetings that involve payment to check and sign the Internet Banking Authorisation form that holds details of payee/amounts to guarantee all are in order which is then to be taken forward for 2 signatures to authorise those payments at the full meeting.
    - b) To check the correct payments are made through the internet banking process and following authorisation the Clerk/Chairman will carry out a bank reconciliation at the time of meeting prior to the Council meetings that involve payment through the Council's bank account.
    - c) Payment of accounts during the months where no meetings are held (August and December) authorisation will be made only with the Chairman/Vice Chairman checking the details and all Councillors emailed with the proposal prior to any payment made. Any payments during these periods will be added to the next full meeting's listing for signature to give a clear audit trail.
    - d) During the financial year the Council should undertake a full review of its systems of financial control and methods of operation and a report provided to the Council at the September meeting (or nearest to 6 months of the year for any reason a meeting is not held in September) detailing the review in order to provide the Council assurance that the financial control systems in place are efficient and effective and that satisfactory financial administration and control is in place for the use of public funds with a statement on internal control produced on an annual basis.

## 2. ANNUAL ESTIMATES

- 2.1 The RFO/CLERK shall formulate and submit proposals to the Council in respect of revenue and capital costs for the following financial year not later than the end of November each year.

- 2.2 Detailed estimates of all receipts and payments for the year shall be prepared each year by the RFO/CLERK.
- 2.3 The Council shall review the estimates not later than the end of December each year and shall fix the Precept to be levied for the ensuing financial year. The RFO/CLERK shall supply each member with a copy of the approved estimates.
- 2.4 The annual 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 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, unless authorised by the Council and minuted.
- 3.3 The RFO/CLERK shall regularly provide the Council with a statement of receipts and payments to date, comparing actual expenditure against that planned.
- 3.4 Any request for a payment to be made early, or 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 the next scheduled meeting of Council, of any nature, are to be authorised by an email showing full details and reason to be sent to all Councillors, final authorisation will be made by the Chairman by email if no objection received to the request.
- 3.5 Unspent provisions in the revenue budget shall not be carried forward to a subsequent year.
- 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 Council is satisfied that the necessary funds are available, or the requisite borrowing approval has been obtained.
- 3.7 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 RFO/CLERK as required by the Accounts and Audit Regulations 1996 as amended.
- 4.2 The RFO/CLERK shall be responsible for completing the annual financial statements of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.

- 4.3 The RFO/CLERK 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 timescale set by the Accounts and Audit Regulations 1996 as amended, or set by the Auditor.
- 4.4 The RFO/CLERK 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 Regulation 5 of the Accounts and Audit Regulations 1996 as amended. Any officer or member of the Council shall, if the RFO/CLERK or Internal Auditor requires, make available such documents of the Council which appear to the RFO/CLERK or Internal Auditor to be necessary for the purpose of the internal audit and shall supply the RFO/CLERK or Internal Auditor with such information and explanation as the RFO/CLERK or Internal Auditor considers necessary for that purpose.
- 4.5 The Internal Auditor shall carry out the work required by the RFO/CLERK, 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, to provide an annual report in respect of each financial year.
- 4.6 The RFO/CLERK 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 Regulations 1996 as amended.
- 4.7 The RFO/CLERK 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**

- 5.1.1 The Council's banking arrangements shall be made by the RFO/CLERK and approved by the Council. They shall be regularly reviewed for efficiency.
- 5.1.2 A schedule of the payments required, forming part of the Agenda for the Meeting, shall be prepared by the RFO/CLERK and, together with the relevant invoices, be presented to Council. If the schedule is in order it shall be authorised by a resolution of the Council and shall be initialled by 2 authorised signatories attending the meeting.
- 5.1.3 The Clerk will not be an authorised signatory at any time and no authorised signatory may sign for any payment to themselves.

Recording of payments are to be made to the Cashbook spreadsheet to include:

- a) The Date the authorisation for payment by electronic (internet) banking was made (normally the date of a Council meeting).
- b) The Date of transaction by Electronic Payment (Internet Banking) to be entered in all cases.
- c) The Date the transaction is listed on the Bank Statement (to ensure the date is the same as item b).

- d) The Date that payment is made is listed in the Minutes of the Council (to ensure payment is listed in Council's Minutes and available for public scrutiny).
- 5.1.4 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 or in accordance with paragraph 6.4, shall be signed by two members of Council; the Clerk is not an authorised signatory at anytime.
- 5.1.5 Use of the Council Debit Card held by the Clerk for payment online **ONLY** where it is unable to make such payments by either BACS or in the case where it can be used as an alternative method of payment than a cheque to avoid charges incurred will be authorised and recorded within the adopted banking arrangements as specified above in 5.1.2. The PIN number supplied for the card will not be activated as no cash withdrawals are permitted.
- 5.1.6 Internet banking for access of the Clerk/RFO only. All payments are to be authorised at Council by 2 authorised bank signatories following procedures as set out in 1.3.1 above.

## **6. PAYMENT OF ACCOUNTS**

- 6.1 All payments shall be effected by cheque or via internet bank transfer, drawn on the Council's bankers.
- 6.2 No Petty Cash is to be held: all expenses incurred are to be paid by cheque on submission of a valid receipt and to be ratified by the next available Council Meeting.

## **7. PAYMENT OF SALARIES**

- 7.1 The payment of all 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 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, provided that each payment is reported to and ratified by the next available Council Meeting.

## **8. LOANS AND INVESTMENTS**

- 8.1 All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.
- 8.2 The Council's Investment Policy, shall be in accordance with 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 investment certificates and other documents relating thereto shall be retained in the custody of the RFO/CLERK.

## **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/CLERK.
- 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 RFO/CLERK and the RFO/CLERK 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 Clerk.
- 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 RFO/CLERK. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO/CLERK considers necessary.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 Personal cheques shall not be cashed out of money held on behalf of the Council.
- 9.8 The RFO/CLERK 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.
- 9.9 Where any significant sums of cash are regularly received by the Council, the RFO/CLERK 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 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.
- 10.2 Order documents shall be controlled by the RFO/CLERK.
- 10.3 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 (l) below.

- 10.4 The RFO/CLERK 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 RFO/CLERK 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 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 (vi) 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 an extension of an existing contract by the Council;
  - (v) for additional audit work of the external Auditor up to an estimated value of £500 (in excess of this sum the Clerk and RFO/CLERK shall act after consultation with the Chairman of Council);
  - (vi) for goods or 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 £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 Clerk shall invite tenders from at least three firms to be taken from the appropriate approved list.
- (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 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 Clerk in the presence of at least one member of Council.
- (g) 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.
- (h) When it is to enter into a contract less than £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 Clerk or RFO/CLERK shall obtain 3 quotations (priced descriptions of the proposed supply); where the value above £3,000 the Clerk or RFO/CLERK shall strive to obtain 3 estimates. Otherwise, Regulation 10 (3) above shall apply.
- (i) The 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 within the time specified in the contract by the RFO/CLERK 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 RFO/CLERK shall maintain a record of all such payments. In any case where it is estimated that the total cost of work carried out under a contract, excluding agreed variations, will exceed the contract sum of 5% or more a report shall be submitted to the Council.
- 12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Council and Clerk to the Contractor in writing before any work has begun, the Council being informed where the final cost is likely to exceed the financial provision.

## **13. PROPERTIES AND ESTATES**

- 13.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council. The RFO/CLERK 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 1996 as amended.
- 13.2 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.

**14. INSURANCE**

- 14.1 Following an annual risk assessment, the RFO/CLERK shall effect all insurances and negotiate all claims on the Council's insurers
- 14.2 The Clerk shall give prompt notification to the RFO/CLERK of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing insurances.
- 14.3 The RFO/CLERK shall keep a record of all insurances effected by the Council and the property and risks covered thereby and annually review it.
- 14.4 The RFO/CLERK 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.

**15. CHARITIES**

- 15.1 Where the Council is sole trustee of a Charitable body the RFO/CLERK 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/CLERK shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

**16. RISK MANAGEMENT**

- 16.1 The RFO/CLERK shall prepare and promote risk management policy statements in respect of all activities of the Council.
- 16.2 When considering any new activity the RFO/CLERK 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.

**17. REVISION OF FINANCIAL REGULATIONS**

- 17.1 It shall be the duty of the Council to review the Financial Regulations of the Council annually unless a change and/or new legislation dictates otherwise.

Chariman: .....

Date:.....

Proper Officer:.....

Date:.....