

# St John Parish Council

## FINANCIAL REGULATIONS

Reviewed ..... 2020

Approved..... Chair

# St John Parish Council

## Financial Regulations

### **1. GENERAL**

- 1.1 These financial regulations shall govern the financial transactions and conduct of the Council. The regulations may only be amended and varied by resolution of the Council.
- 1.2 The Clerk is the Responsible Financial Officer (RFO) of the Council.
- 1.3 The RFO will operate under the policy and operational direction and support of the Council.
- 1.4 The Parish Council will be responsible for the financial decision making and shall present all decisions to Council for approval.

### **2. ANNUAL ESTIMATES**

- 2.1 The Council shall formulate the development plan and any capital programme not later than the precept deliberations (November) each year.
- 2.2 Estimates of income and expenditure on revenue services, shall be prepared by Council for consideration at the precept deliberations.
- 2.3 The Council shall subsequently consider the estimates in 2.2 above at the precept deliberations (November) each year.
- 2.4 The annual capital and revenue budgets shall form the basis of financial control for the ensuing year.

### **3. BUDGETARY CONTROL**

- 3.1 Revenue and Capital expenditure may be incurred up to the amounts included in each approved budget heading.
- 3.2 The RFO shall alone authorise expenditure that is of an operational nature (the day to day operation and function of the Council).
- 3.3 No expenditure may be incurred which cannot be met from the appropriate revenue budget. Only the RFO shall have the authority to exceed this expenditure (as in 3.2 above) provided that it can be met from contingencies or allocated/unallocated reserves as appropriate. Any other expenditure that is not of an operational nature must be approved by the Council prior to the expenditure being incurred.
- 3.4 The RFO shall monthly (or as appropriate) provide the Council with the financial comparison to inform the financial position within each budget heading for the approved annual budgets.
- 3.5 The RFO may incur expenditure on behalf of the Council to carry out any repair, replacement or other work which is of extreme urgency that in the RFO's judgement if not carried out, would compromise health and safety.
- 3.6 Where expenditure is incurred in accordance with regulation 3.4 above and the sum required cannot be met from savings made elsewhere in the Council's approved budget, it shall be nominally charged to the unallocated reserve of the Council.
- 3.7 Unspent provisions in the revenue budget will not be carried forward to the subsequent year but will be subsumed within the unallocated reserve.
- 3.8 No expenditure shall be incurred in relation to any capital project, no contract entered into or tender accepted involving expenditure on the capital account unless the Council is 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.

- 3.9 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 shall be determined by the RFO as required by the Accounts and Audit Regulations 1996. The F & GP Committee will support the RFO and ensure that staff and members adhere to accounting procedures identified by the RFO.
- 4.2 The Parish Council will be responsible for ensuring any financial documents in procedures identified in 4.1 above are produced for the RFO to enable the financial accounts to be completed as soon as practicable at the end of the financial year.
- 4.3 Any member of staff or member of the Council shall, if the RFO requires, make available such documents of the Council, which relate to their accounting and other records, as appear to the RFO to be necessary for the purpose of audit. The member of staff or Council member shall supply the RFO with such information and explanation, as the RFO considers necessary for that purpose.

#### **5. BANKING ARRANGEMENTS AND CHEQUES**

- 5.1 The Council's banking arrangements shall be made by the RFO following approval by Council. One current account and one deposit account shall be maintained at the bank.
- 5.2 A schedule of payment shall be presented to Council. Relevant invoices shall be made available if requested.
- 5.3 Cheques drawn on the current bank account in accordance with the schedule referred to in the previous paragraph shall be signed by two members of the Council from the authorised signatories.
- 5.4 Petty Cash – the Council does not operate a petty cash account.
- 5.5 Bacs payments can be made by RFO, to be approved by two authorised signatories.

#### **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 certified by the RFO. The RFO shall satisfy him/herself that the work, goods or services, to which the invoice relates shall have been received, carried out, examined and approved. This process may involve seeking confirmation signatures from members or staff if goods or services have been either collected by or received by members of staff or members.
- 6.3 The RFO shall apportion the expenditure to the appropriate expenditure heading. The RFO shall take all steps to settle all invoices submitted, and which are in order, at the next available Council or Committee Meeting.
- 6.4 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 or Committee, where the RFO certify that there is no dispute or other reason to delay payment, the RFO 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.

6.5 The Council will not maintain any form of cash float.

6.6 All cash received by staff and other members must be presented to the RFO with supporting documents and banked intact.

## **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 administered by Cornwall Council.

## **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 All investments of money under the control of the Council shall be in the name of the Council.

8.3 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.

## **9 INCOME**

9.1 The collection of all sums due to the Council shall be by the RFO.

9.2 Particulars of all charges to be made for work done, services rendered or goods supplied shall be agreed annually by the Council and notified to the RFO. The RFO and the Finance and Personnel Committee will review outstanding debts to the Council quarterly.

9.2 The Council will review all fees and charges annually in November at the Budget (precept meeting).

9.3 Any sums found to be irrecoverable and any bad debts shall be reported and shall be written off in the year.

9.4 All sums received on behalf of the Council shall be banked intact by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency, as the RFO considers necessary.

9.5 The origin of each receipt shall be entered on the paying-in slip.

9.6 Personal cheques shall not be cashed out of money held on behalf of the Council.

9.7 The RFO shall 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.

- 9.8 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, 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.
- 9.9 The Clerk and RFO shall oversee the production of leases licenses and SLA's on behalf of the Council.

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

- 10.1 An official purchase 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 forms shall be produced by the RFO and duly annotated by the member of Council either collecting or receiving the goods. The member of Council shall place a copy of the delivery advice note with the appropriate order.
- 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.
- 10.4 The member of staff or Council making the purchase shall be responsible for the lawfulness of any proposed purchase

## **11. CONTRACTS**

Procedures as to contracts are laid down as follows:

- (a) Every contract shall comply with these financial regulations, and no exceptions shall be made other than in an emergency that shall be determined by the RFO. Standing Orders on contracts shall be amended to read the following

Goods or Services under £2,500 – delegated to the RFO to secure the goods or service.

Goods or Services over £2,500 but below £4,000 – two preferably three quotations

Goods or Services over £4,000 but below £10,000 – Three written quotations

Goods or Services over £10,000 but below £50,000 – Three tenders.

Exceptions to the above

- (i) 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;

- (ii) for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Council;

(iii) for additional audit work of the external Auditor up to an estimated value of £250.

(ivi) for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.

(b) 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 return the tender in a sealed envelope and remain sealed until the prescribed date for opening tenders for that contract.

(f) The Clerk in the presence of the Mayor or Deputy Mayor or Chairman of the Council shall open all sealed tenders at the same time on the prescribed date.

(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.

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**

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).

12.1 Where contracts provide for payment by instalments the RFO 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.

12.2 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. 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 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 delivery is made.

13.3 Stocks shall be kept at the minimum levels consistent with operational requirements.

13.4 The RFO shall be responsible for periodic checks of stocks and stores at least annually.

#### **14. FIXED ASSETS**

14.1 The Clerk shall maintain the fixed asset register, which will be held in accordance with Regulation 4(3)(b) of the Accounts and Audit Regulations 1996 as amended.

14.2 The Clerk shall keep a record of all-miscellaneous equipment, dining utensils and chattels. This record to be reviewed every six months and any deficiencies drawn to the attention of the RFO

14.3 The Clerk shall have the authority to write off goods under the value of £100 (net book value)

14.4 The Clerk shall have the authority to write off redundant ICT and other equipment.

14.5 No property shall be sold, leased or otherwise disposed of without the authority of the RFO and reported to Council, together with any other consent required by law.

14.6 Buildings and other land shall not be sold or disposed of without the approval of the Council.

14.7 No additional buildings or land shall be acquired for or on behalf of the Council without prior approval by the Council and duly minuted.

#### **15. INSURANCE**

15.1 Following an annual risk assessment, the RFO shall effect all insurance and negotiate all claims on the Council's insurers.

15.2 The Council will notify the Clerk of all risks and new assets over and above the excess limit will be recorded on the fixed asset register and notified to the insurance company.

15.3 The RFO shall keep a record of the insurance effected by the Council and the property and risks covered thereby and annually review it.

15.4 The Council shall notify the RFO 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 The Clerk and RFO shall be included in a suitable fidelity guarantee insurance, which shall cover the maximum risk exposure as determined by the Council.

## **16. RISK MANAGEMENT**

16.1 The Clerk shall prepare and promote the annual Business Risk Management policy and statement in respect of all activities of the Council.

16.2 When considering any new activity the Council 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.

16.3 The Financial Risk Assessment shall form part of the annual Business Risk Management policy in accordance with the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto. The minutes shall record such review of the financial risks in line with 17.1 above.

## **17. REVISION OF FINANCIAL REGULATIONS**

17.1 It shall be the duty of the Council to review the Financial Regulations of the Council annually and also from time to time.