



## **BILLING PARISH COUNCIL**

# **FINANCIAL CONTROLS AND REGULATIONS**



# 1. General

- 1.1 These financial regulations govern the conduct of financial management by the Council and may only be amended or varied by resolution of the Council. The council is responsible in law for ensuring that its financial management is adequate and effective and that the council has a sound system of financial control which facilitates the effective exercise of the council's functions, including arrangements for the management of risk and for the prevention and detection of fraud and corruption. These financial regulations are designed to demonstrate how the council meets these responsibilities.
- 1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the council. **The Clerk has been appointed as RFO for this council and these regulations will apply accordingly.** The RFO, acting under the policy direction of the Council, shall administer the Council's financial affairs in accordance with proper practices. The RFO shall determine on behalf of the council its accounting records, and accounting control systems. The RFO shall ensure that the accounting control systems are observed and that the accounting records of the council are maintained and kept up to date in accordance with proper practices.
- 1.3 The RFO shall produce financial management information as required by the council.
- 1.4 If required, for instance in the case of a new RFO being appointed and to ensure continuity, the Council may appoint the outgoing RFO as a Deputy Responsible Financial Officer on a temporary basis, to work in tandem with the new post holder to ensure that the provision of on-going or year- end accounts are unimpeded.
- 1.5 At least once a year, prior to approving the annual return, the council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practices.
- 1.6 In these financial regulations, references to the Accounts and Audit Regulations shall mean the Regulations issued under the provisions of section 27 of the Audit Commission Act 1998 and then in force.
- 1.7 In these financial regulations the term 'proper practice' or 'proper practices' shall refer to guidance issued in Governance and Accountability in local Councils in England and Wales – a Practitioners' Guide which is published jointly by NALC and SLCC and updated from time to time.

# 2. Budget

- 2.1 Detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the year shall be prepared each year by the RFO in the form of a budget to be considered by the council.

- 2.2 The Council shall review the budget not later than the end of December each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to the billing authority and shall supply each member with a copy of the approved budget.
- 2.3 The annual budgets shall form the basis of financial control for the ensuing year.

## 3 Budgetary Control

- 3.1 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure unless agreed by the council. During the budget year and with the approval of council unspent and available amounts may be moved to other budget headings or to reserves as appropriate.
- 3.2 The RFO shall regularly provide the Council with a statement of receipts and payments to date under each head of the budgets, comparing actual expenditure to the appropriate date against that planned as shown in the budget. These statements are to be prepared as a minimum at the end of each financial quarter.
- 3.3 The Clerk, in conjunction with the Green Space Manager, 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 Clerk shall report the action to the Council as soon as practicable thereafter.
- 3.4 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.
- 3.5 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 in accordance with the Accounts and Audit Regulations.
- 4.2 The RFO shall complete the annual financial statements of the Council, including the council's annual return, 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 shall complete 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 shall submit the Annual Return for approval and authorisation by the Council within the timescales set by the Accounts and Audit Regulations.
- 4.4 The RFO shall ensure that there is adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with proper practices. Any officer or member of the Council shall, if the RFO or Internal Auditor requires, 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 be appointed by and shall carry out the work required by the council in accordance with proper practices. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing in respect of each financial year. In order to demonstrate objectivity and independence, the internal auditor shall be free from any conflicts of interest and have no involvement in the financial decision making, management or control of the council.
- 4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books, and vouchers and for the display or publication of any Notices and statements of account required by Audit Commission Act 1998 and the Accounts and Audit Regulations.
- 4.7 The RFO 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 A schedule of the payments prepared by the RFO will form part of the Agenda for each monthly Meeting, and be presented to Council for approval. It shall be authorised by a resolution of the Council.
- 5.2 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.1 or in accordance with paragraph 6.4, shall be signed by two members of the Council who are authorised bank account signatories.
- 5.3 To indicate agreement of the details shown on the cheque, or payment to be made by bank transfer, and the invoice or similar documentation, the signatories shall each also sign the Payment Authorisation Voucher.

## 6 Payment of Accounts

- 6.1 All payments shall be made by cheque, BACS or other order drawn on the Council's bankers
- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy him/herself that the work, goods or services to which the invoice relates shall have been received, carried out, examined and approved.
- 6.3 The RFO shall examine invoices in relation to arithmetic accuracy and shall analyse them to the appropriate expenditure heading. The Clerk shall take all steps to approve all invoices submitted, and which are in order, at the next available Council 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, where the RFO can certify that there is no dispute or other reason to delay payment, he/she may (notwithstanding para 6.3) take all steps necessary to settle such invoices provided that a list of such payments be submitted for approval to the next appropriate meeting of Council.
- 6.5 The Council will not maintain any form of cash float. Any cash that may be received must be banked intact. No payments are made in cash by the Clerk/RFO even for postage or minor stationery items.
- 6.6 Payment for utility supplies (energy, telephone and water) and for the monthly credit card statement may be made by variable Direct Debit provided that the instructions are signed by two authorised signatories and any payments reported to the council as part of the monthly Accounts for Approval for Payment schedule.

## 7 Payment of Salaries

- 7.1 As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. 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 is presently performed by Small Business Payroll Service with relevant due payments made by them to HMRC together with requisite end of year returns. Payments of salaries are made into employee's bank accounts on the last day of each month.
- 7.3 The RFO shall ensure required pension contributions are forwarded to Northamptonshire County Council Pensions Department each month.

## 8 Loans and Investments

- 8.1 Any 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 negotiated 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 Any certificates or other documents relating to loans or investments shall be retained in the custody of the RFO.

## 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.
- 9.2 Particulars of all charges to be made by the Council shall be notified to the RFO and he/she shall be responsible for the collection of all accounts due.
- 9.3 The Council will review all fees and charges annually.
- 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 deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 9.7 The RFO shall promptly complete VAT Returns on a quarterly basis claiming any repayment due.

## 10 Orders for work, goods and services

- 10.1 An official order, letter or email shall be issued for all work, goods and services unless a formal contract is to be prepared or an official order would be inappropriate.
- 10.2 The Clerk/RFO and Green Space Manager are responsible for obtaining value for money at all times and when issuing an official order shall ensure as far as reasonable and practicable that the best available terms are obtained in respect of each transaction. Three quotations or estimates from appropriate suppliers should be obtained where the cost will be above £2,500.
- 10.3 A proposed contract for the supply of goods, materials, services and the execution of works with an estimated value in excess of £60,000 shall be procured on the basis of a formal tender. *See Standing Orders 18.4.*

## 11 Assets

- 11.1 The Clerk/RFO shall make appropriate arrangements for the custody of all title deeds of land or properties owned by the Council.
- 11.3 The Clerk/RFO shall ensure that an appropriate and accurate Register of Assets is maintained.

## 12 Insurance

- 12.1 Following the annual risk assessment (per Financial Regulation 13), the RFO shall effect all insurances and negotiate all claims on the Council's insurers.
- 12.2 The RFO shall keep a record of all insurances in place for the Council and its property and the risks covered thereby and review annually.



- 12.3 The RFO 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.
- 12.4 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.

## 13 Risk Management

- 13.1 The council is responsible for putting in place arrangements for the management of risk which should be reviewed annually.
- 13.2 A review of the Effectiveness of Internal Audit will be made by the RFO annually and presented to the council for approval.

## 14 Government Procurement Card

- 14.1 A credit card account (issued by Barclaycard Commercial) shall be made available for use by both the Clerk and the Green Space Manager (i.e. one card each). Full payment shall be made monthly by variable direct debit.
- 14.2 Limits on their areas of use have been put in place and monthly spend limits of £500 in the case of the Green Space Manager and £250 for the Clerk have been made. There is, however a small leeway (up to £750) per statement for the Green Space Manager as this allows a six week period for purchases to appear on the statement.
- 14.3 The RFO will provide each member of the council with a schedule showing the breakdown of purchases on the Government Procurement Card on a monthly basis.

## 15 Miscellaneous

- 15.1 The Clerk shall be allowed to incur up to £100 of expenditure in any one month without prior reference to the Council, for necessary items of stationery, etc., which are required to carry out his/her duties.
- 15.2 Budgetary responsibility for ditch husbandry, flora and fauna and tree work for The Leys, improving/maintaining footpaths, driveways and car park for the playing fields/pavilion shall be placed with the Green Space Manager up to a total annual maximum amount of £1,500. Any additional expenditure shall be agreed with the Clerk and if necessary agreed by resolution at a full council meeting.

## 16 Revision of Financial Regulations

- 16.1 It shall be the duty of the Council to review the Financial Regulations of the Council from time to time. The Clerk / RFO shall make arrangements to monitor changes in legislation or proper practices and shall advise the council of any requirement for a consequential amendment to these financial regulations.

Approved and adopted at the meeting of Billing Parish  
Council held on 14<sup>th</sup> April 2014

Signed *John Marlow* Vice-Chairman

Signed *S. F. Harris* Clerk/RFO

## Issue History

Issue No	Approved	Summary of Changes
1	Parish Council Meeting 14.04.14	Initial issue