

# CUSOP PARISH COUNCIL

## FINANCIAL REGULATIONS

These Financial Regulations were adopted by the Council at its 14th March 2005 meeting and amended at its 17th June 2015 meeting.

### **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), under the policy direction of the Council, shall be responsible for the proper administration of the Council's affairs.

1.3 The RFO shall be responsible for the production of financial management information.

### **2. Annual Estimates**

2.1 Proposals and estimates in respect of revenue and capital costs together with estimates of receipts and payments for the following financial year shall be prepared by the RFO and submitted to Council not later than the end of November each year.

2.2 The Council will 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 shall supply each member with a copy of the approved estimates.

2.3 The annual budget shall form the basis of financial control for the ensuing year.

### **3. Budgetary Control**

3.1 The RFO shall regularly provide Council with a statement of receipts and payments to date under each head of the budget, comparing actual expenditure against that planned.

3.2 The Clerk may incur expenditure on behalf of the Council that 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 £200. The Clerk shall report the action to the Council as soon as practicable thereafter.

3.3 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.

3.4 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 as required by the Accounts and Audit (England) Regulations 2011.

4.2 The RFO 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 shall be responsible for completing the Accounts of the Council contained in the Annual Return (as supplied by the External Auditor) and for submitting the Annual Return for approval and authorisation by the Council within the timescale set by the Accounts and Audit (England) Regulations 2011, 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 6 of the Accounts and Audit (England) Regulations 2011. The Clerk or any 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 carry out the work required by the RFO, or by the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return.

The Internal Auditor shall be competent and independent of the operations of the Council, shall report to the Council on a regular basis with a minimum of one annual report in respect of each financial year.

4.6 The RFO shall make arrangements for the opportunity for inspection of the accounts, books and vouchers required by the Audit Commission Act 1998 section 14 and the Accounts and Audit (England) Regulations 2011.

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**

5.1 The Council's banking arrangements shall be made by the RFO and approved by Council. They shall regularly be reviewed for efficiency.

5.2 A schedule of payments required, forming part of the Agenda for a Meeting, shall be prepared by the RFO and, together with the relevant invoices, be presented to Council. If the schedule is in order it shall be authorised by resolution of the Council and the detail shown in the minutes of the Meeting.

5.3 Cheques drawn on the bank account in accordance with the schedule referred to in para. 5.2 or in accordance with para. 6.4, shall be signed by two members of Council.

5.4 To indicate agreement of the details shown on the cheque for payment the signatories shall each initial the cheque counterfoil.

## **6. Payment of Accounts**

6.1 All payments shall be effected by cheque drawn on the Council's bankers.

6.2 All invoices for payment shall be examined and verified by the Clerk. The Clerk shall satisfy himself 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 in the appropriate expenditure heading. The Clerk shall take all steps to settle 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 and the due date for payment is before the next scheduled Meeting of Council and there is no dispute or other reason to delay payment, the Clerk may take all steps necessary to settle such invoices provided such payment is submitted to the next appropriate meeting of Council.

6.5 The Council will not maintain any form of cash float. All cash received must be banked intact. Any payments in cash by the Clerk or RFO shall be refunded on a regular basis.

## **7. Payment of Clerk's salary**

7.1 Payment of the Clerk's salary will be in accordance with the scale agreed in the Clerk's contract of employment. The Clerk will be responsible for declaring the salary to the Inland Revenue and for payment of any tax due.

7.2 Each salary payment will be reported to and ratified by the next available Council Meeting.

## **8. Income**

8.1 The collection of all sums due to the Council shall be the responsibility of the RFO.

8.2 All sums received on behalf of the Council shall be banked intact as directed by the RFO.

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

8.4 The 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 annually coinciding with the financial year end.

## **9. Orders for work, goods and services**

9.1 An official order or letter shall be issued by the RFO 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.

9.2 The RFO and all members of Council are responsible for obtaining best value for money at all times. The RFO when 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 seeking three or more quotations or estimates from appropriate suppliers, subject to any *de minimis* provisions in regulation 10 (f).

9.3 The RFO shall verify the lawful nature of any proposed purchase before the issue of any order.

## **10. Contracts**

10.1 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, sewage 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 £250 (in excess of this sum the RFO shall act after consultation with the Chairman and Vice-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 £50,000 in value for the supply of goods or materials or for the execution of works, other than those set out in paragraph a), the Clerk shall invite tenders from at least three firms to be taken from an appropriate approved List based on a 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 Council.
- d) If less than three tenders are received for contracts above £50,000, or if all tenders are identical the Council may make arrangements as it thinks fit for procuring goods or materials or executing works.
- e) Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 45, 47 and 48.
- f) When it is to enter into a contract less than £50,000 in value for the supply of goods or materials or for the execution of works or specialist services other than those excepted under paragraph a) the Clerk or RFO shall invite three quotations (priced descriptions of the proposed supply); where the value is below £2,000 and above £300 the Clerk or RFO shall strive to obtain three estimates. Otherwise, Regulation 9.2 shall apply.
- g) The Council shall not be obliged to accept the lowest or any tender, quote or estimate.
- h) The European Union Procurement Directive shall apply and the terms of the Public Contracts Regulations 2006 and the Utilities Contracts Regulations 2006 including thresholds shall be followed.

## **11. Payments under contracts for building or other construction works.**

11.1 payments on account of the contract sum shall be made within the time specified in the contract by the RFO upon authorisation 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).

11.2 Where contracts provide for payments 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 by 5% or more a report shall be submitted to the Council.

11.3 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, the Council being informed where the final cost is likely to exceed the financial provision.

## **12. Stores and equipment.**

12.1 The Footpath Officer and the Clerk shall be responsible for the care and custody of stores and equipment.

12.2 Arrangements for the servicing and maintenance of equipment will be made by the Footpath Officer and Clerk to ensure all is maintained in good order and suitable for purpose.

## **13. Insurance**

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

13.2 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.

13.3 All appropriate employees, including volunteers, shall be included in a suitable fidelity guarantee insurance which shall cover the maximum risk exposure as determined by Council.

## **14. Risk management.**

14.1 The Clerk with the RFO shall prepare and promote risk management policy statements in respect of all activities of the Council.

14.2 When considering a new activity the Clerk and RFO shall prepare a draft Risk Management Policy for the activity and bring it to Council for consideration and, if appropriate, adoption.

## **15. Revision of Financial Regulations**

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

**Adopted 14th March 2005, amended 17th June 2015.**