

## Great Linford Parish Council

### Financial Regulations

These regulations were agreed at the meeting, on the 15<sup>th</sup> March 2011

#### General

1. These Financial regulations shall govern the conduct of the financial transactions of the Council and may only be amended or varied by resolution of the Council.
2. The Responsible Financial Officer (RFO) under the policy direction of the Council shall be responsible for the proper administration of the Council's financial affairs.
3. The RFO shall be responsible for the production of financial management information.

#### Annual Budget

4. With advice and assistance from the Council Chairman and the Chairmen of Finance and Recreation committees, the RFO shall each year prepare detailed estimates of income and expenditure on revenue services, and receipts and payments on capital account.
5. The Council shall review the estimates no later than the end of January in each year and shall recommend the precept to be levied for the ensuing financial year.
6. The annual capital and revenue budgets shall form the basis of financial control for the ensuing financial year. The RFO shall supply each member with a copy of the approved estimates.

#### Budgetary Control

7. Expenditure on the revenue account may be incurred up to the amounts included in the approved budget.
8. No expenditure may be incurred which cannot be met from the amount provided in the approved revenue budget for that cost centre unless the Council has approved the transfer of funds from another cost centre. Save that expenditure may be incurred if necessary to carry out any repair replacement or other work which is, in the opinion of the RFO, of such extreme urgency that it must be done at once. Also for any purpose identified as necessary to the performance of the Council, subject to this being reported beforehand to the Chairman and two other members and their prior written agreement being obtained,

whether or not there is any budgetary provision for the expenditure, subject to a limit of £500 in every case.

9. Where expenditure is incurred in accordance with paragraph 8 above, the action shall be reported to the Council as soon as practicable thereafter. If the sum required cannot be met from savings made elsewhere within the approved budget, the Council shall determine the cost centre to which the expenditure shall be allocated.
10. The RFO shall periodically provide the Council with a statement of income and expenditure to date, under each cost centre heading of the approved annual revenue and capital budgets.
11. The Finance Committee shall determine, at the end of each financial year what unspent provisions may be carried forward into existing budgets and which shall be added to Council contingency funds. No un-budgeted capital expenditure shall be incurred during the financial year in anticipation of a surplus at the financial year-end.
12. No expenditure shall be incurred in relation to any capital project and no contract entered into or tender accepted involving expenditure on 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.
13. All capital works shall be administered in accordance with the Council's Financial Regulations relating to contracts.

## **Accounting and Audit**

14. All accounting procedures and financial records of the Council shall be determined by the RFO as required by current Accounts and Audit Regulations.
15. The RFO shall be responsible for completing the annual accounts of the Council as soon as practicable after the end of the financial year and shall submit them and report thereon to the Council.
16. Members charged with the duty of examining and checking the accounts of cash transactions should not be engaged in any of those transactions.
17. The RFO shall be responsible for maintaining an adequate and effective system of internal audit of the Council's accounting, financial and other operations in accordance with the relevant section of the Accounts and Audit Regulations currently in force.

18. The Council shall delegate one of its members or an appropriate person to examine the system referred to in paragraph 17 at intervals to be determined by the Council. (*referred to as internal scrutiny*)
19. If required by the RFO, any member of the Council shall make available such documents as appear to the RFO to be necessary for the purpose of any audit or examination, and shall supply the RFO with such information and explanation, as the RFO considers necessary for that purpose.

### **Banking Arrangements and Cheques**

20. The Council's banking arrangements shall be made by the RFO and approved by the Council.
21. A schedule of the payment of money shall be prepared by the RFO and together with the relevant invoices etc be presented to the Council. Those payments that are in order shall be approved by resolution of the Council.
22. Two, duly authorised, members of the Council shall sign cheques drawn on the Current Account, in accordance with the schedule referred to in the previous paragraph.

### **Payments of Accounts**

23. The majority of payments (except from petty cash payments) shall be affected by cheque or other order drawn on the Council's bankers.
24. For some long-standing contractors or suppliers, wages and HMRC, payments by BACS transfer will be made. The process for this as follows: -
- a. A specific account is allocated for bank transfers
  - b. The balance at the start of the month is nil (0)
  - c. Once council have agreed payment the total amount for ALL BACS transfers is transferred from the current account to this account
  - d. Individual BACS payments are then paid from this account.
  - e. A print out of all the payments is produced showing that the balance is once again nil (0). This is signed by the Chairman of the Finance Committee and one other councillor responsible for scrutiny.

25. All invoices for payment shall be passed to the RFO, who shall be satisfied that the work, goods or services to which the invoice relates have been received, carried out, examined and approved.
26. The RFO shall examine all invoices received in relation to arithmetical accuracy and authorisation, and shall allocate them to the appropriate cost centre. The RFO shall take all possible steps to settle all invoices submitted, and which are in order, within 30 days of their receipt.
27. The RFO shall maintain a Petty Cash float not exceeding £20 for the purpose of office expense. A petty cash book is used to record the transactions along with the receipts
28. The purchase of stationery and other office items shall be made by the RFO from the Council's agreed office budget of £180 per month.
29. Income received shall not be paid into the Petty Cash float but must be separately banked, as provided elsewhere in these Regulations.
30. Payments to maintain the petty cash float shall be shown on the monthly Council payments schedule
31. Payments that are required to be made in August when there are no council meetings will be made by the Parish Manager and reported retrospectively in the September, as per the resolution agreed on 15th July 2008.

## **Loans and Investments**

32. All loans and investments approved by the Council shall be negotiated by the RFO in the name of the Council, and shall be for a set period in accordance with Council policy. The Council shall approve proposed changes to loans and investments and such investments shall be reviewed annually.
33. All investments of money under the control of the Council shall be in the name of the Council.
34. All borrowings shall be made in the name of the Council.
35. All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

## Income

36. A schedule of all sums due to the Council shall be prepared by the RFO who shall also be responsible for the collection of all such sums.
37. Particulars of all charges to be made for work done, services rendered or goods supplied shall be notified to the RFO.
38. The Council shall review all fees and charges each year prior to the preparation of the detailed estimates of income and expenditure on revenue services.
39. The recovery of all debts shall be rigorously pursued, except that legal proceedings shall not be instituted without the express authority of the Council and any bad debts shall be reported to the Council.
40. All sums received on behalf of the Council shall be paid to the RFO for banking. All receipts shall be deposited with the Council's bankers with such frequency, as the RFO considers necessary.
41. A reference to the related debt, or otherwise, indicating the origin of each cheque, shall be entered on the paying-in slip.
42. Personal cheques shall not be cashed out of money held on behalf of the Council.

## Orders for Work, Goods and Services

43. An official order or letter shall be issued for all work, goods and services approved by the Council unless a formal contract is to be prepared or an official order would be inappropriate e.g. Petty Cash purchases. Copies of orders issued shall be maintained.
44. Any Order books shall be controlled by the RFO.

## Contracts

45. Procedures as to contracts are as follows.
  - a. Every contract shall comply with these Financial Regulations, and no exception from any of the following provisions of these Financial Regulations shall be made otherwise than by direction of the Council provided that these Financial Regulations shall not apply to contracts which relate to items (i) to (v) 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 goods, or materials to be purchased which are proprietary articles and/or which are sold only at a fixed price.
- b. The RFO shall obtain the necessary technical assistance to prepare a specification and contract conditions in appropriate cases.
- c. The Council is responsible for obtaining value for money at all times and the RFO shall ensure that, as far as reasonable and practicable, the Council in respect of each transaction obtains the best possible terms for approval. Where the cost of work approved by the Council is not likely to exceed £1,000, three written estimates shall be sought for Council approval, following which the RFO has delegated powers to negotiate with bidders to obtain best value.
- d. 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 RFO shall on instruction from the Council
- i. issue a public notice of intention to place a contract in a local newspaper;
  - ii. a specification of the goods, materials, services and the execution of works shall be drawn up;
  - iii. tenders are to be sent, in a sealed marked envelope, to the Proper Officer by a stated date and time;
  - iv. tenders submitted are to be opened, after the stated closing date and time, by the Proper Officer and at least one member of the Council;
  - v. tenders are then to be assessed and reported to the appropriate meeting of Council or Committee.

- e. If less than three tenders are received for contracts valued 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. When proposals are made to waive Financial Regulations relating to contracts to enable a tender to be negotiated without competition the reason shall be embodied in a recommendation to the Council.
- f. Any invitation to tender issued under this Financial Regulation shall contain a statement of the effect of the Financial Regulations.
- g. Neither the Council, nor any committee is bound to accept the lowest or any tender.
- h. Where the value of a contract is likely to exceed £138,893 (or other threshold specified by the Office of Government Commerce from time to time) the Council must consider whether the Public Contracts Regulations 2006 (SI No.5, as amended) and the Utilities Contracts Regulations 2006 (SI No. 6, as amended) apply to the contract and, if either of those Regulations apply, the Council must comply with EU procurement rules

## **Payments under Contracts for Building or Other Construction Works**

- 46. Payments on account for a contract sum shall be made by the RFO within the time specified in the contract upon authorised certificates of the architect or other consultants engaged to supervise the contract.
- 47. Where contracts provide for payment by installments, the RFO shall maintain a record of all such payments. In any case, when it is estimated that the total cost or work carried out under a contract, excluding fluctuation clauses, may exceed the contract sum by 5% or more a report shall be submitted to the Council.
- 48. The Council must approve any variation to a contract, addition to, or omission from a contract.

## **Properties and Estates**

- 49. The RFO shall make appropriate arrangements for the custody of all title deeds of properties owned by the Council.
- 50. The RFO 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.

51. No property shall be sold, leased or otherwise disposed of without the authority of the Council. Save where the estimated value of any one item of tangible moveable property does not exceed £50.

## **Insurance**

52. The RFO shall affect all insurances and negotiate all claims on the Council's insurers.

53. The RFO shall assess of all new risks, properties or vehicles, which require to be insured, and of any alterations affecting existing insurances.

54. The RFO shall keep a record of all insurances affected by the Council and the property and risks covered thereby which the Council shall review annually.

55. The RFO shall be notified of any loss liability or damage or of any event likely to lead to a claim.

56. All appropriate Officers of the Council shall be included in a suitable fidelity guarantee Insurance.

## **Revision of Financial Regulations**

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

8<sup>th</sup> June 2009 DS/EMT

Update Sept 2010 RM/EMT and agreed at Full council Meeting Sept 2010