

YEALAND REDMAYNE PARISH COUNCIL

FINANCIAL REGULATIONS

(These Financial Regulations were adopted by the Parish Council at its meeting held on 16 January 2012, Under minute reference 2070)

1. GENERAL

1.1 These financial regulations govern the conduct of financial management by the Parish Council and may only be amended or varied by resolution of the Parish Council. The Parish Council is responsible in law for ensuring that its financial management is adequate and effective and that the Parish Council has a sound system of financial control which facilitates the effective exercise of the Parish 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 Parish Council meets these responsibilities.

1.2 The Responsible Financial Officer (RFO) is a statutory office and shall be appointed by the Parish Council. The Clerk has been appointed as RFO for Yealand Redmayne Parish Council and these regulations apply accordingly. The RFO, acting under the policy direction of the Parish Council, shall administer the Parish Council's financial affairs in accordance with proper practises. The RFO shall determine on behalf of the Parish 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 Parish Council are maintained and kept up to date in accordance with proper practises.

- 1.3 The RFO shall produce financial management information as required by the Parish Council.
- 1.4 At least once a year, prior to approving the annual return, the Parish Council shall conduct a review of the effectiveness of its system of internal control which shall be in accordance with proper practises.
- 1.5 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.
- 1.6 In these financial regulations the term 'proper practises' 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. ANNUAL ESTIMATES (BUDGET)

- 2.1 Each Committee shall formulate and submit proposals to the Parish Council in respect of revenue and capital including the use of reserves and sources of funding for the following financial year not later than the end of November each year.
- 2.2 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 Parish Council.
- 2.3 The Parish Council shall review the budget not later than the end of January

each year and shall fix the Precept to be levied for the ensuing financial year. The RFO shall issue the precept to Lancaster City Council and shall supply each Councillor with a copy of the approved budget.

2.4 The annual budgets shall form the basis of financial control for the ensuing year.

2.5 The Parish Council shall consider the need for and shall have regard to a three year forecast of Revenue and Capital Receipts and Payments which may be prepared at the same time as the annual Budget.

3. BUDGETARY CONTROL

3.1 Expenditure on revenue items may be incurred up to the amounts included for that class of expenditure on the approved budget.

3.2 No expenditure may be incurred that will exceed the amount provided in the revenue budget for that class of expenditure. During the budget year and with the approval of Parish Council having considered fully implications for public services, unspent and available amounts may be moved to other budget headings or to earmarked reserve as appropriate.

3.3 The RFO shall regularly provide the Parish 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 at least at the end of each financial quarter.

3.4 The Clerk may incur expenditure on behalf of the Parish 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 £200.00. The Clerk shall report the action to the Parish Council as soon as practicable thereafter.

- 3.5 Unspent provisions in the revenue budget shall be carried forward to a subsequent year unless placed in an earmarked reserve by resolution of the Parish Council.
- 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 Parish 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 Parish Council's Standing Orders and financial regulations relating to contracts.

4. ACCOUNTING AND AUDIT

- 4.1 All accounting procedures and financial records of the Parish 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 Parish Council, including the Parish Council's annual return, as soon as practicable after the end of the financial year and shall submit them and report thereon to the Parish Council.

- 4.3 The RFO shall complete the Accounts of the Parish 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 Parish Council within the time scales 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 Parish Council's accounting, financial and other operations in accordance with proper practises. Any officer or member of the Parish Council shall, if the RFO or Internal Auditor requires, make available such documents of the Parish 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 the 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 Parish Council in accordance with proper practises. The Internal Auditor, who shall be competent and independent of the operations of the Parish Council, shall, in writing, provide a minimum of one report in respect of each financial year. In order to demonstrate objectively 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 Parish 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 The Parish Council's banking arrangements, including the Bank Mandate, shall be made by the RFO and approved by the Parish Council. They shall be regularly reviewed for efficiency.

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

5.3 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 the Council. The RFO Clerk will not be a signatory for cheques

5.4 To indicate agreement of the details shown on the cheque or order for payment with the counterfoil and the invoice or similar documentation, the signatories shall each also initial the cheque counterfoil.

6. PAYMENT OF ACCOUNTS

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

- 6.2 All invoices for payment shall be examined, verified and certified by the Clerk. The Clerk shall satisfy themselves 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 settle all invoices submitted, and which are in order, at the next available Parish 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 Parish Council meeting, where the Clerk and RFO certify that there is no dispute of other reason to delay payment, the Clerk may (notwithstanding paragraph 6.3) take all steps necessary to settle such invoices provided that a list of such payments shall be submitted to the next appropriate Parish Council meeting.
- 6.5 The Parish Council will not maintain any form of cash float. All cash received must be banked intact. Any payments made in cash by the Clerk or RFO (for example for postage of minor stationery items) shall be refunded on a two monthly basis, upon invoice.
- 6.6 If thought appropriate by the Parish Council, payment for utility supplies (energy, telephone and water) may be made by variable Direct Debit provided that the instructions are signed by two Councillors and any payments are reported to the Parish Council as made. The approval of the use of a variable Direct Debit shall be renewed by resolution of the Parish Council every two

years.

7. PAYMENT OF SALARIES / WAGES

7.1 As an employer, the Parish Council shall make arrangements to fully meet 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/wages shall be as agreed by the Parish Council.

7.2 Payment of salaries/wages and payment of deductions from salary/wages 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 date stipulated in employment contracts.

8. LOANS AND INVESTMENTS

8.1 All loans and investments shall be negotiated in the name of the Parish Council and shall be for a set period in accordance with Parish Council policy.

8.2 The Parish Council shall consider the need for an Investment Policy which, if drawn up, shall be in accordance with relevant regulations, proper practises and guidance. Any Policy shall be reviewed at least annually.

8.3 All investments of money under the control of the Parish Council shall be in the name of Yealand Redmayne Parish Council.

8.4 All borrowings shall be effected in the name of Yealand Redmayne Parish Council, after obtaining any necessary borrowing approval. An application for

borrowing approval shall be approved by the Parish Council as to terms and purpose. The terms and conditions of borrowings shall be reviewed at least annually.

8.5 All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

9. INCOME

9.1 The collection of all sums due to the Parish Council shall be the responsibility of and under the supervision of 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 Parish Council, notified to the RFO and the RFO shall be responsible for the collection of all accounts due to the Parish Council.

9.3 The Parish 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 Parish Council and shall be written off in the year.

9.5 All sums received on behalf of the Parish Council shall be banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Parish 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 Personal cheques shall not be cashed out of money held on behalf of the Parish Council.

9.8 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.

9.9 Where any significant sums of cash are regularly received by the Parish Council, the RFO shall take such steps as are agreed by the Parish 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 books shall be controlled by the RFO.

10.3 All Councillors and Officers are responsible for obtaining value for money at all times. An officer issuing an official order shall 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-minimus provisions in Regulation 11 (l) below.

10.4 The RFO 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 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 service;
 - 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 contract by the Parish Council.
 - iv. for work to be executed or goods or materials to be supplied which constitute an extension of an existing contract by the Parish Council.

- v. for additional audit work of the External Auditor up to an estimated value of £250.00 (in excess of this sum the Clerk and RFO shall act after consultation with the Chairman and Vice-Chairman of Yealand Redmayne Parish Council.)
 - vi. for goods or materials proposed to be purchased which are proprietary articles and/or are only sold at a fixed price.
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- b. Where it is intended to enter into a contract exceeding **£50,000.00** 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 Parish 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 specially marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for that contract.
 - e. All sealed tenders shall be opened at the same time on the prescribed date by the Clerk in the presence of at least one Councillor.

- f. If less than three tenders are received for contracts above **£50,000.00** or if all the tenders are identical the Parish Council may make such arrangements as it thinks fit for procuring the goods or materials or executing the works.
- g. Any invitation to tender issued under this regulation shall contain a statement to the effect of Standing Orders 61, 63 and 64.
- h. When it is to enter into a contract less than **£50,000.00** 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 shall obtain 3 quotations (priced descriptions of the proposed supply); where the value is below **£2,000.00** and above **£500.00** the Clerk or the RFO shall strive to obtain 3 estimates. Otherwise, Regulation 10.3 shall apply.
- i. The Parish 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 with 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).

12.2 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 of 5% or more a report shall be submitted to the Parish Council.

12.3 Any variation to a contract or addition to or omission from a contract must be approved by the Parish Council and Clerk to the Contractor in writing, the Parish 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 of delivery.

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. ASSETS, PROPERTIES AND ESTATES

14.1 The Clerk shall make appropriate arrangements for the custody of all title deeds of properties owned by Yealand Redmayne Parish Council. The RFO shall ensure a record is maintained of all properties owned by the Parish 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 Accounts and Audit Regulations.

14.2 No property shall be sold, leased or otherwise disposed of without the authority of the Parish 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 £50.00.

14.3 The RFO shall ensure that an appropriate and accurate Register of Assets and Investments is kept up to date. The continued existence of tangible assets shown in the Register shall be verified at least annually, possibly in conjunction with a Health and Safety inspection of assets.

15. INSURANCE

15.1 Following the annual risk assessment (per Regulation 17), the RFO shall effect all insurances and negotiate all claims on the Parish Council's insurers (in consultation with the Clerk).

15.2 The Clerk shall give prompt notification to the RFO of all new risks, properties and vehicles which require to be insured and of any alterations affecting existing insurances .

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

15.4 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 the Parish Council at the next available meeting.

15.5 All appropriate employees of the Parish Council shall be included in a suitable Fidelity Guarantee insurance which shall cover the maximum risk exposure as determined by the Parish Council.

16. CHARITIES

16.1 Where the Parish Council is sole trustee of a Charitable body the Clerk and RFO 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 Clerk and RFO shall arrange for any Audit or Independent Examination as may be required by Charity Law or any Governing Document.

17. RISK MANAGEMENT

17.1 The Parish Council is responsible for putting in place arrangements for the management of risk. The Clerk (with the RFO) shall prepare, for approval by The Parish Council, risk management policy statements in respect of all activities of the Parish Council. Risk policy statements and consequential risk management arrangement shall be reviewed by the Parish Council at least annually.

17.2 When considering any new activity, the Clerk (with the RFO) shall prepare a draft assessment including risk management proposals for consideration and adoption by the Parish Council.

18. REVISION OF FINANCIAL REGULATIONS

18.1 It shall be the duty of the Parish Council to review the Financial Regulations of the Parish Council from time to time. The Clerk shall make arrangements to monitor changes in legislation or proper practises and shall advise the Parish Council of any requirement for a consequential amendment to these financial regulations.
