

LANDULPH PARISH COUNCIL

FINANCIAL REGULATIONS

1. GENERAL

- 1.1 These financial regulations govern the financial transactions of the Council and may only be amended and varied by resolution of the Council.
- 1.2 The Clerk is the Responsible Financial Officer (RFO) of the Council and shall, under the policy direction of the Council, 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.
- 1.4 The Council shall be responsible for ensuring that the financial management is adequate and affective and that the Council has a system of internal controls which facilitates the effective exercise of its functions and which manages risk.
- 1.5 The Council shall review at least once a year the effectiveness of its systems of internal controls and shall produce a statement on internal control with its statement of accounts.

2. ANNUAL ESTIMATES

- 2.1 The Council shall formulate the rolling capital programme not later than the precept deliberations (November) each year.
- 2.2 Estimates of income and expenditure on revenue services, receipts and payments of the capital account shall be prepared in preparation for the precept deliberations in November each year by the RFO.
- 2.3 The Council shall consider the estimates in 2.2 above at the precept deliberations in November each year.
- 2.4 The annual 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 regularly provide the Council with a statement of receipts and payments to date under each heading of the budgets, comparing actual expenditure against that planned.
- 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, whether or not there is any budgetary provision for the expenditure, subject to a limit of £500. The RFO shall report the action to the Council as soon as practicable thereafter.
- 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 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 the necessary funds are available, or the requisite borrowing approval has been 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 of the Council shall be determined by the RFO as required by the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto.
- 4.2 The 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 Council member shall supply the RFO with such information and explanation, as the RFO considers necessary for that purpose.
- 4.4 The Internal Auditor shall carry out the work required by the RFO and the Council, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as compiled annually by the Audit Commission. The Internal Auditor, who shall be competent and independent of the operations of the Council, shall report to Council in writing on a regular basis with a minimum of one annual report in respect of each financial year.

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 for approval. Relevant invoices shall be made available if requested.
- 5.3 Cheques drawn on the bank account in accordance with the schedule referred to in paragraph 5.2 shall be signed by two members of the Council from the 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, verified and certified by the RFO. The RFO shall satisfy him/herself that the works, 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 of the Council if they have collected or received the works, goods or services.
- 6.3 The RFO shall apportion payments 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 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, 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 salaries shall be as agreed by Council.
- 7.2 Payment of salaries and payment of deductions from salary 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 dates.

- 7.4 Overtime and other additional payments for staff must be duly authorised by the Chairman and submitted to the RFO for payment. The reason for the additional payment must be identified on supporting documents.

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 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 Council and notified to the RFO. The RFO shall report any outstanding debts to the Council.
- 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 banked intact as directed by the RFO. In all cases, all receipts shall be deposited with the Council's bankers with such frequency as the RFO considers necessary.
- 9.6 The origin of each receipt shall be entered on the paying-in slip.
- 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 shall oversee the production of leases, licences and Service Level Agreements on behalf of the Council.

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 or letter would be inappropriate. Copies of orders shall be retained.
- 10.2 Order books shall be controlled by the RFO and duly annotated by the member of staff or Council member either collecting or receiving the goods. A copy of the delivery advice note will be placed with the appropriate order.
- 10.3 All members and officers are responsible for obtaining value for money at all times and should ensure are 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.
- 10.3 Any member or officer making the purchase shall be responsible for the lawfulness of any proposed purchase.

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 other than in an emergency that shall be determined by the RFO.
- Goods or Services under £1,500 – delegated to the RFO to secure the goods or service.
 - Goods or Services over £1,500 but below £2,500 – two preferably three quotations
 - Good or Services over £2,500 but below £10,000 – three written quotations
 - Goods or Services over £10,000 but below £50,000 – three tenders.

Exceptions to the above include:

- 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 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);
 - vi) 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.

- c) Such invitation to tender shall state the general nature of the intended contract and the RFO 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 RFO 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.
- d) The RFO, in the presence of the Chairman or appointed Council Member, shall open all sealed tenders at the same time on the prescribed date.
- e) 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.
- f) The Council shall not be obliged to accept the lowest of 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 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).
- 12.2 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.
- 12.3 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 before any work has begun, the Council being informed where the final cost is likely to exceed the financial provision.

13. FIXED ASSETS

- 13.1 The RFO shall maintain the Fixed Asset Register, which will be held in accordance the Accounts and Audit Regulations 2003 and 2006, and any subsequent amendments thereto.
- 13.2 The RFO shall have the authority to write off goods under the value of £100 (net book value).
- 13.3 The RFO shall have the authority to write off redundant ICT and other equipment.
- 13.4 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.

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

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

14. INSURANCE

14.1 Following an annual Risk Assessment, the RFO shall effect all insurance and negotiate all claims on the Council's insurers.

14.2 The Council will notify the RFO of all risks and new assets over and above the excess limit, which will be recorded on the Fixed Asset Register and notified to the insurance company.

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

14.4 Council Members 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.

14.5 All staff shall be included in a suitable fidelity guarantee insurance, which shall cover the maximum risk exposure as determined by the Council.

15. RISK MANAGEMENT

15.1 The RFO shall prepare and promote risk management policy statements in respect of all activities of the Council. The Council shall review this document to ensure it is current.

15.2 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.

15.3 The Council shall carry out a Financial Risk Assessment on an annual basis 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.

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.

These Financial Regulations were adopted by Landulph Parish Council at its meeting held on Monday 17 February 2014.